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LEGISLATURE, MADRAS

MADRAS LEGISLATIVE COUNCIL DEBATES

SEVENTH SESSION OF THE LEGISLATIVE COUNCIL
UNDER THE CONSTITUTION OF INDIA.

Volume X (Nos. 1 to 19).

22nd to 26th and 28th February, 1st to 4th, 17th to 19th, 24th,
26th and 29th March and 5th to 7th April 1955.

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PERSONNEL OF THE GOVERNMENT OF MADRAS

GOVERNOR OF MADRAS

SRI SRI PRAKASA

MEMBERS OF THE COUNCIL OF MINISTERS

- 1 SRI K. KAMARAJ NADAR, *Chief Minister.*
- 2 SRI A. B. SHETTY, *Minister in charge of Medical and Public Health, Co-operation, Housing and Ex-servicemen.*
- 3 SRI M. BHAKTAVATSALAM, *Minister in charge of Agriculture, Forest, Fisheries, Cinchona, Rural Welfare, Community Projects, National Extension Scheme, Women's Welfare, Industries and Labour, Animal Husbandry and Veterinary.*
- 4 SRI C. SUBRAMANIAM, *Minister in charge of Finance, Food, Education, Elections, Information and Publicity and Law (Courts and Prisons).*
- 5 SRI M. A. MANICKAVELU NAICKER, *Minister in charge of Land Revenue and Commercial Taxes and Rural Development.*
- 6 RAJA SRI SHANMUGA RAJESWARA SETHUPATHI, *Minister in charge of Public Works, Accommodation Control, Engineering Colleges, Stationery and Printing including Establishment questions of the stationery Department and the Government Press.*
- 7 SRI B. PARAMESWARAN, *Minister in charge of Transport, Harijan Uplift, Hindu Religious Endowments, Registration and Prohibition.*
- 8 SRI S. S. RAMASWAMI PADAYATCHI, *Minister in charge of Local Administration.*

THE MADRAS LEGISLATIVE COUNCIL.

PRINCIPAL OFFICERS.

Chairman.

THE HON. DR. P. V. CHERIAN.

Deputy Chairman.

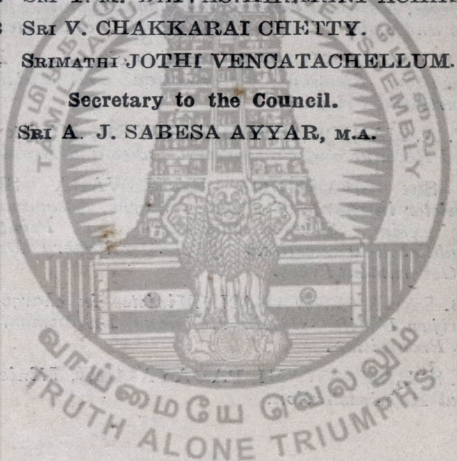
SRI A. M. ALLAPICHAJ.

Panel of Chairmen.

- 1 SRI T. G. KRISHNAMOORTHY.
- 2 SRI T. M. DAIVASIKHAMANI ACHARIAR.
- 3 SRI V. CHAKKARAI CHETTY.
- 4 SRIMATHI JOTHI VENCATACHELLUM.

Secretary to the Council.

SRI A. J. SABESA AYYAR, M.A.



LIST OF MEMBERS OF THE MADRAS LEGISLATIVE COUNCIL WITH THEIR CONSTITUENCIES.

Serial number and name of member.	Name and class of constituency.
1 Abdul Salam, M. K. M.	South Arcot-cum-Tanjore-cum-Tiruchirappalli Local Authorities.
2 Allapichai, A. M., B.A., B.L. (Deputy Chairman.)	State Legislative Assembly.
3 Annamalai Pillai, N.	Do.
4 Balasubramanya Ayyar, K., B.A., B.L.	Madras Graduates.
5 Bashyam Ayyangar, V., B.A., B.L.	Nominated.
6 Bhashyam, K., B.A., B.L.	Madras Graduates.
7 Bhaktavatsalam, M., B.A., B.L., (Minister).	State Legislative Assembly.
8 Chakkarai Chetty, V., B.A., B.L.	Do.
9 Cherian, The Hon. Dr. P. V., M.B., B.S., F.R.F.P.S. (Glas.), F.R.C.S. (Edin.), D.L.O., R.C.S. (Lond.) (Chairman).	Madras Graduates.
10 Chidambara Mudaliar, A.	Madurai-cum-Ramanathapuram-cum-Tirunelveli Local Authorities.
11 Clubwala, Jadhav, Mary C.	Nominated.
12 Daivasikhamani Achariar, T. M., F.R.S.A. (Lond.)	Do.
13 Devaraja Mudaliar, T. V.	Madras-cum-Chingleput-cum-North Arcot Local Authorities.
14 Ethirajulu, M.	State Legislative Assembly.
15 Gajapathy Nayagar, A., B.A., B.L.	Do.
16 Gnanamuttu Alexander, M.A.	Madras Teachers.
17 Gopalan, K., B.A.	West Coast Local Authorities.
18 Govinda Menon, M. P., B.A.	State Legislative Assembly.
19 Gurunandan Row, V., Bar-at-law.	Do.
20 John, Dr. V. K., Bar-at-law.	Madras Graduates.
21 Jothi Vencatachellum, Srimathi.	State Legislative Assembly.
22 Krishnamoorthi, G.	Madras Teachers.

Serial number and name of member.

Name and class of constituency.

23	Krishnamoorthi, T. G., B.A.	..	State Legislative Assembly.
24	Lakshmanaswami Mudaliyar, Dr. A., M.D., LL.D., D.SC., D.C.L.		Madras Graduates.
25	Mahomed Usman, B.A.,		Nominated.
26	Manjubhashini, S.		Do.
27	Maruthavanam Pillai, C.	..	South Arcot-cum-Tanjore-cum-Tiruchirappalli Local Authorities.
28	Mohamed Raza Khan	.. --	State Legislative Assembly.
29	Narayanaswamy Pillai, T. M., M.A., B.L.		Do.
30	Nallasenapathi Sarkarai Manra- diar, N.		Do.
31	Narsapaya, S., B.A., B.L.		Do.
32	Palaniswami Gounder, K. N.	..	Salem-cum-Coimbatore-cum-Nilgiris Local Authorities.
33	Parameswaran, E. H., M.A., L.T.	..	Madras Teachers.
34	Perumalswami Reddy, C.	..	Madras-cum-Chingleput-cum-North Arcot Local Authorities.
35	Purushotham, T., B.A.		Madras-cum-Chingleput-cum-North Arcot Local Authorities.
36	Rajagopalachari, C., B.A., B.L.	..	Nominated.
37	Ramaswami, V. V.		State Legislative Assembly.
38	Ramaswami Reddiar, O. P.	..	Nominated.
39	Ranganathan, V. R.	..	Madras Teachers.
40	Rangaswami, V.		Salem-cum-Coimbatore-cum-Nilgiris Local Authorities.
41	Sankaranarayana Pillai, T. S., B.A., B.L.		Madurai-cum-Ramanathapuram-cum-Tirunelveli Local Authorities.
42	Sivasubramania Nadar, S. P., B.A., B.L.		Madurai-cum-Ramanathapuram-cum-Tirunelveli Local Authorities.
43	Somasundara Reddiar, A.	..	South Arcot-cum-Tanjore-cum-Tiruchirappalli Local Authorities.

Serial number and name of member. Name and class of constituency.

- 44 Sreenivasan, Dr. A., M. R. C. P. Madras Graduates.
(Lond.)
- 45 Srinivasa Rao, S., B.A. State Legislative Assembly.
- 46 Subramanyam, A. Do.
- 47 Subrahmanyam, B. V., B.A., B.L. Do.
- 48 Subbalakshmi, R. S., B.A., L.T. Nominated.
- 49 Thiagaraja Reddiar, P. B. K. .. Salem-cum-Coimbatore-cum-Nilgiris Local Authorities.
- 50 Ummer Koya, P. P., M.A. .. West Coast Local Authorities.
- 51 Venkatachalam, G. Nominated.

Secretary to the State of Legislature, Madras—R. V. Krishna Ayyar, B.A., M.L., “Sri Vidya”, Chitrakulam East Ward Street, Mylapore, Madras-4.

Joint Secretary to the State Legislature, Madras—T. Hanumanthappa, B.A. (Hons.), B.L., “Stewards” Quarters, Government Estate, Mount Road, Madras-2.

Deputy Secretary to the State Legislature, Madras—A. J. Sabesa Ayyar, M.A., 40, South Mada Street, Mylapore, Madras-4.

Assistant Secretary to the State Legislature, Madras—P. K. Harihara Ayyar, B.A., 9, Mundakanniamman Koil Street, Mylapore, Madras-4.

வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS



THE MADRAS LEGISLATIVE COUNCIL.

THE SEVENTH SESSION OF THE LEGISLATIVE COUNCIL UNDER THE CONSTITUTION OF INDIA.

Tuesday, the 22nd February 1955.

The House met in the Council Chamber, Fort St. George, at three of the clock, Mr. Chairman (THE HON. DR. P. V. CHERIAN) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

Posting of husband and wife employees in the same place.

* 169 Q.—SRI T. PURUSHOTHAM: Will the Hon. the Chief Minister be pleased to state—

(a) the orders of the Government with regard to the posting of husband and wife employees in Government and Local Board Services to one and the same place; and

(b) whether there is ban on the posting of such employees to one and the same office or institution?

THE HON. SRI M. BHAKTAVATSALAM (on behalf of the Hon. the Chief Minister):—“(a) So far as employees in Government service are concerned there is an order to the effect that, when a request is made by either the husband or the wife, both of whom are in Government service, for transfer to the station where the other is employed, it should be allowed if the transfer is permissible and can be made without prejudice to the public interest. This order also provides for transfers of either the husband or the wife to another station whenever the exigencies of service so require. No orders similar to the one referred to above applicable to employees in the Local Boards' Service have been issued.

“(b) There is no ban on posting of such employees to one and the same office or institution provided it is permissible according to the Service Rules governing their respective posts.”

SRI T. PURUSHOTHAM :—“ With reference to the answer of the Hon. Minister to clause (a) of the main question, may I know whether the Government would be pleased to review the position and issue strict orders for the enforcement of the rule with regard to posting of these people in the same place as there are several instances in which they are kept separate in spite of the requests of the parties concerned? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ I do not think a general review will be necessary. If the hon. Member could bring to the notice of the Government any of these cases Government will look into them.”

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SRI MOHAMED RAZA KHAN :—“ While even the natural law demands that both husband and wife should be together, why should the Government of Madras think of separating them in Government service? ” (Laughter.)

THE HON. SRI M. BHAKTAVATSALAM :—“ Sir, Government do not ever think of separating husband and wife. But I do not know whether the natural law demands that both husband and wife should be in service.” (Renewed laughter.)

SRI K. BHASHYAM :—“ Are the exigencies of service more important than the husband and wife being together? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ Yes, Sir. I am afraid it is so. Exigencies of service are more important. That does not necessarily mean that husband and wife should be separate. But, they will have to choose as to whether the husband should be in service or the wife should be in service.”

SRI T. PURUSHOTHAM :—“ May I request the Hon. Minister to consider the adoption of the same rule relating to Government servants in the case of local boards' servants also? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ Government will examine that request, Sir. If I remember aright, long ago a rule was observed by the local boards particularly with reference to teachers, according to which both husband and wife have to be posted as far as possible in the same place. Again, there must be a girls' school in a place where there is a boys' school.”

SRI T. PURUSHOTHAM :—“ While posting them in the same place, will the Government consider the desirability of banning their posting in the same office or institution in order to avoid collusive tendencies in official matters? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ I do not think it is right to suspect that there may be collusive tendency if both husband and wife were posted in the same office. We have got very great traditions of husband and wife taking very independent attitude without reference to their relationship.”

DR. A. SREENIVASAN :—“ Will not the posting of husband and wife in the same place bring about inefficiency? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ I do not at all think so, Sir.”

SRI A. GAJAPATHI NAYAGAR :—“ Can this State be called a Welfare State if the Government post husband and wife in different places? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ It is not a question of posting husband and wife to different places. If both the husband and wife choose to enter service, they will have

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I am to be prepared for separation. I know there are several husbands and wives who do not mind separation and they prefer separation in service to being together in domestic life."

Sub-Inspectors belonging to Washerman and Barber communities.

* 170 Q.—SRI M. ETHIRAJULU: Will the Hon. the Chief Minister be pleased to state—

(a) the number of Sub-Inspectors belonging to Washerman and Barber communities appointed in the Police department since 1947; and

(b) how many of them were promoted as Circle Inspectors or otherwise?

THE HON. SRI M. BHAKTAVATSALAM (on behalf of the Hon. the Chief Minister):—“(a) One (belonging to the Barber community).

“(b) Nil.”

SRI M. ETHIRAJULU :—“அரசாங்க உத்தியோக விஷயங்களில், மிகவும் பிற்பட்ட வகுப்பினரான சலவைத் தொழிலாளர், ஷவரத் தொழிலாளர், மீன் பிடிப்பவர் இவர்கள் குறைந்த எண்ணிக்கை உடையவர்கள்தான் சர்க்கார் உத்தியோகத்திலிருக்கிறார்கள் என்பது சர்க்காருக்குத் தெரியும். ஆகவே, இப்பேர்ப்பட்ட இனத்தவர்களுக்கு தகுதியும் திறமையும் தேர்ச்சியும் இருக்கும் பட்சத்தில், உயர்ந்தபதவிகளுக்குத் தனிச்சலுகைகாட்ட அரசாங்கம் முன் வருமா?”

THE HON. SRI M. BHAKTAVATSALAM :—“So far as direct recruitment is concerned, backward communities as such have this facility. A certain percentage of seats is reserved. If it is a question of promotion, that is governed only by merits. Government cannot undertake to look into every sub-community in the category of backward community, nor can they undertake to see the representation of particular communities and sub-communities in the matter of promotion to services.”

SRI K. BHASHYAM :—“Has this been for their good or for their harm?”

THE HON. SRI M. BHAKTAVATSALAM :—“It is for the communities concerned to decide whether it is for their good or for their harm.”

SRI A. SUBRAMANYAM :—“இவர்கள் மிகவும் பிற்பட்ட இனத்தவராகயிருப்பதால், இவர்களை ‘ஷெட்யூல்டு வகுப்பினர்’ ஜாப்தாவில் சேர்க்க முடியுமா?”

THE HON. SRI M. BHAKTAVATSALAM :—“Sir, the Fishermen community has been representing that it must be treated on a par with the Scheduled Castes. That perhaps deserves some consideration. But I do not know whether objection

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would be raised from other quarters to this proposal as I could see that with reference to certain questions that were put in the other House."

*Nature of treatment in the hospital attached to the
College of Indigenous Medicine.*

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p.m.

* 171 Q.—SRI A. GAJAPATHY NAYAGAR: Will the Hon. the Minister for Health be pleased to state—

(a) the diseases (acute and chronic) that are treated in the hospital attached to the College of Indigenous Medicine;

(b) whether it is a fact that the patients admitted in the hospital are mostly old people, if so, what their complaints are;

(c) whether any cases are sent from this hospital to the General Hospital; if so, how and why;

(d) what are the qualifications of the physicians in this hospital; and

(e) the systems of medicine according to which treatment is given in this hospital?

THE HON. SRI A. B. SHETTY:—“(a) All kinds of diseases are treated in the hospital attached to the College of Indigenous Medicine.

“(b) No, Sir.

“(c) No, Sir.

“(d) The Chief Physicians in the hospital possess the qualification of ‘High proficiency in Indigenous Medicine’ (H.P.I.M.) and the other Physicians possess G.C.I.M. or L.I.M. qualification.

“(e) Treatment is given in Ayurveda, Siddha and Unani systems of medicine. Cases of midwifery, maternity and surgery are admitted and treated in the Modern Medicine wards.”

SRI A. GAJAPATHY NAYAGAR:—“Are the Government aware of the fact that very many cases treated in the hospital attached to the College of Indigenous Medicine have been sent to the General Hospital for treatment?”

THE HON. SRI A. B. SHETTY:—“They have not been sent by the Hospital Physician. Some of the patients have probably gone there. I am not aware of it.”

SRI MOHAMED RAZA KHAN:—“May I know whether any research work is done in Ayurveda, Unani and Siddha in that hospital.”

THE HON. SRI A. B. SHETTY:—“Some kind of research is being done but we are not satisfied with it.”

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DR. V. K. JOHN :—“ May I know whether we cannot combine these two systems of medicine in the same institution and teach every student both Allopathy and Indigenous Medicine? ”

THE HON. SRI A. B. SHETTY :—“ That is what is being done, Sir. I would request the hon. gentleman to visit the hospital and see for himself what is done there.”

DR. V. K. JOHN :—“ Then, why should we have a College of Indigenous Medicine? ”

THE HON. SRI A. B. SHETTY :—“ Because people want it. They think this medicine is cheap. They have faith in Ayurveda and it is available in the rural areas easily.”

Age-limit for superannuation of Honorary Medical Officers.

* 172 Q.—DR. A. SREENIVASAN : Will the Hon. the Minister for Health be pleased to state—

(a) the age-limit for superannuation of Honorary Medical Officers in the State of Madras; and

(b) whether any exception has been made to the rule, and if so, the consideration which led to the exception, if any?

THE HON. SRI A. B. SHETTY :—“ (a) No age-limit has been fixed. But Honorary Medical Officers who have attained the age of 55 years and who wish to continue in service have to produce a certificate of physical fitness.

“ (b) Yes, Sir. Now and then persons who had attained 55 years of age, had to be appointed as Honorary Medical Officers, as there were no other applicants to the posts or in view of the post-graduate qualification and experience of the officers concerned.”

DR. A. SREENIVASAN :—“ Is not the age of superannuation as mentioned in the rules published in the *Fort St. George Gazette*, 60 years? If so, why people over sixty years are appointed? ”

THE HON. SRI A. B. SHETTY :—“ There may be one or two such cases.”

DR. A. SREENIVASAN :—“ Why, Sir? Is it because suitable people are not available or because the Government wanted to appoint superannuated people willy-nilly? ”

THE HON. SRI A. B. SHETTY :—“ I have already said that people with high post-graduate qualifications and teaching experience are selected in cases where other suitable candidates are not available.”

[22nd February 1955]

DR. A. SREENIVASAN :—“ Did not the Selection Committee reject the applications of very many people for the reason they had reached the age of superannuation, even though they possessed the highest qualifications in the country? ”

THE HON. SRI A. B. SHETTY :—“ That depends on the availability of applicants in each case.”

Admission of in-patients in the Government Headquarters Hospital, South Arcot district.

* 173 Q.—SRI M. ETHIRAJULU : Will the Hon. the Minister for Health be pleased to state—

(a) the number of in-patients admitted in the Government Headquarters Hospital, South Arcot district, now;

(b) the average number of out-patients attending the hospital daily; and

(c) the number of doctors, nurses, male nursing orderlies, sanitary workers and female nursing orderlies working in the hospital?

THE HON. SRI A. B. SHETTY :—“ (a) The average in-patient attendance for the three years ended with 1954, was 289.

“ (b) The average attendance was 577.

“ (c) Doctors	..	..	12	
Nurses	..	..	21	(excluding one nursing Superintendent and two head nurses.)
Nursing Orderlies.			22	(12 men and 10 women.)
Toties	..		13	”

SRI M. ETHIRAJULU :—“ Is it not a fact that the Government have decided to increase the bed strength in that hospital and if so, by how many? ”

THE HON. SRI A. B. SHETTY :—“ There has been a proposal to increase the bed strength in the case of several hospitals. Increase in the bed strength is effected where there is an urgent need for it consistent with the availability of funds.”

SRI M. ETHIRAJULU :—“ May I know the number of honorary women medical officers in that hospital? ”

THE HON. A. B. SHETTY :—“ I have given the total number of doctors. I cannot now give the particulars asked for.”

SRI M. ETHIRAJULU :—“ Will the Government consider the question of appointing honorary women doctors if they apply? ”

THE HON. SRI A. B. SHETTY :—“ Wherever it is considered necessary, we appoint honorary women doctors. If suitable people are available it is done.”

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Ayurvedic studies in the College of Indigenous Medicine.

* 174 Q.—SRI G. KRISHNAMOORTHY: Will the Hon. the Minister for Health be pleased to state—

(a) whether it is a fact that the number of hours devoted to Ayurvedic studies in the College of Indigenous Medicine, Madras, has been reduced recently; and

(b) if so, the reasons therefor?

THE HON. SRI A. B. SHETTY :—“(a) Yes, Sir.

“(b) (i) To avoid overlapping of the same subject-matter in different classes.

(ii) To avoid matter which is of no practical use to the would-be doctors in their practice.”

SRI G. KRISHNAMOORTHY :—“May I know, Sir, what subjects were deleted from the course?”

THE HON. SRI A. B. SHETTY :—“Indigenous midwifery and indigenous surgery.”

SRI G. KRISHNAMOORTHY :—“May I know, Sir, whether these subjects were deleted for want of professors or for want of demand on the part of students?”

THE HON. SRI A. B. SHETTY :—“Surgery and midwifery have advanced to a revolutionary extent. There is no meaning in teaching indigenous midwifery and surgery now.”

SRI G. KRISHNAMOORTHY :—“Is it a fact that besides surgery, certain other items of Ayurveda which are very useful and very effective have been taken away?”

THE HON. SRI A. B. SHETTY :—“No, Sir. Whatever is useful and effective is retained.”

SRI G. KRISHNAMOORTHY :—“Is it a fact that a knowledge of Sanskrit is not insisted on for the students? For the teaching of certain subjects, a knowledge of Sanskrit was insisted upon formerly, and may I know why it is not insisted upon now?”

THE HON. SRI A. B. SHETTY :—“The qualification for admission to the course are ‘Intermediate with Science’.”

SRI G. KRISHNAMOORTHY :—“In view of the suitability of Ayurvedic treatment to Indian health conditions and in view of the effective cures which it can effect in the case of certain diseases which even Allopathy cannot cure, will the Government constitute a committee to go into the whole question of establishing an Ayurvedic College and encouraging research in Ayurveda by awarding liberal stipends?”

THE HON. SRI A. B. SHETTY :—“The Government of India are conducting research in Ayurveda at Jamnagar. But I cannot say what the comparative value of the treatment in

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Ayurveda and modern medicine is. Physicians following different systems claim to cure many diseases but not all diseases. Some diseases are probably cured, some are arrested and in certain other diseases all that can be done is to give some comfort to the patient."

Formation of a road from Vishnuvakkam to Red Hills.

* 175 Q.—SRI V. GURUNANDAN RAO: Will the Hon. the Minister for Agriculture be pleased to state—

(a) at what stage the proposals for the formation of a road from Vishnuvakkam to Red Hills, Tiruvellore Road, and the construction of a bridge across the Katangal stand at present;

(b) whether in connexion with this road and bridge, the Government received any representations in August and December 1952, and subsequently, from any of the villagers of Vishnuvakkam undertaking to form a road at their own expense for the convenience of the villagers; and

(c) if so, the action taken thereon?

THE HON. SRI M. BHAKTAVATSALAM:—“(a) The Board of Revenue has been requested to ask the Collector of Chinleput to include the work under the ‘Local Works’ programme of the Tiruvellore National Extension Service Block and to take necessary action for its execution.

“(b) Yes, Sir. Representations, dated 19th August 1952 and 5th December 1952, had been received stating that the cost of the work will be met by the villagers.

“(c) The Board of Revenue has been instructed to take action as stated in answer to clause (a) above.”

SRI V. GURUNANDAN RAO:—“May I know why there has been such a delay in dealing with such representations which were made in 1952?”

THE HON. SRI M. BHAKTAVATSALAM:—“Perhaps the hon. Member is also aware that there has been some litigation which must have caused this delay to some extent.”

Recovery of money due to the workers of the Madras Electric Tramways, Limited.

* 176 Q.—SRI V. GURUNANDAN RAO: Will the Hon. the Minister for Agriculture be pleased to state—

(a) whether the Government have received any application from the workers of the Madras Electric Tramways, Limited, for recovering moneys due to them under the award of the Special Industrial Tribunal, Madras (Mr. C. Narasimhalu);

(b) if so, when the application was received by Government; and

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(c) whether the Government have taken any action on that application, and if not, why not?

THE HON. SRI M. BHAKTAVATSALAM :—“(a) Yes, Sir.

“(b) Two sets of applications were received, one on 12th March 1954 and the other on 12th June 1954.

“(c) The Government have preferred an appeal against the orders of the Madras High Court granting permission to wind up the Madras Electric Tramways. Action for recovering the money due to the workers will be taken up after the appeal is disposed of.”

DR. V. K. JOHN :—“May I enquire whether it was not the attitude of the labour which mainly contributed to the stopping of trams and labour is the worst sufferer for it?”

THE HON. SRI M. BHAKTAVATSALAM :—“I may tell the hon. the Deputy Leader of the Opposition that it is a matter of opinion. Further this does not arise out of the main question.”

SRI V. GURUNANDAN RAO :—“May I know whether there has been a stay of proceedings of the tribunal before an appellate court?”

THE HON. SRI M. BHAKTAVATSALAM :—“I would like to have notice.”

SRI V. GURUNANDAN RAO :—“May I know what is the reason for waiting for the disposal of the appeal in the absence of a stay order?”

THE HON. SRI M. BHAKTAVATSALAM :—“It is a question of recovery. The High Court ordered the winding up of the Madras Electric Tramways. It is now felt that it would not be possible to recover the dues payable to the labourers. Therefore, the Government have preferred a ‘Letters Patent’ appeal against the order of the High Court to wind up the Madras Electric Tramways. Further, the Commissioner of Labour is not able to verify the claims of the workers. He has suggested that the Industrial Tribunal, Madras, which has given the award, may be asked to determine the exact amount due to the ex-tramway workers and that the amount so fixed may be recovered under the provisions of the Act. But, Sir, in another case, the High Court has held that reference to a tribunal for elucidation or clarification of the provisions of the award of the tribunal is *ultra vires*. The Government have preferred another ‘Letters Patent’ appeal against this order of the High Court. The Government have to wait for decisions on these two appeals before they can take further action.”

SRI V. GURUNANDAN RAO :—“Is it meant then that the application by the workers did not contain the amounts due to them?”

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THE HON. SRI M. BHAKTAVATSALAM :—“ The Commissioner of Labour feels that he is not able to determine or verify the claims of workers.”

SRI MOHAMED RAZA KHAN :—“ When this is the case about moneys due to workers, what about the money due to the Government of Madras? What action has been taken to recover the same? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ That is a different question. Government feel that they will not be able to receiver the moneys due to workers unless the judgment of the High Court is reversed. The position will be worse even with reference to Government.”

Enquiry into the causes for dead fish in the Bhavani River.

* 177 Q.—DR. A. SREENIVASAN : Will the Hon. the Minister for Agriculture be pleased to state—

(a) whether on or about the 25th December 1954 and for some days thereafter a large number of dead fish was found floating in the Bhavani river in Mettupalayam reaches;

(b) whether the fish in the town water-storage tank were also found to die, when the Bhavani water was pumped into it; and

(c) what action has been taken to find out the cause for the same, when, by whom and with what result?

THE HON. SRI M. BHAKTAVATSALAM :—“ (a) The answer is in the affirmative.

(b) The Government have no information.

“(c) As soon as a report regarding the death of fish was received the staff of the Fisheries Department at Bhavani-sagar conducted necessary investigation to find out the causes. It was found that the death of fish was not due to abnormal condition or adverse biological factors. It was found it was due to the poisoning of waters with bark and dynamites in the upper reaches of the rivers in Western Ghats. The staff of the Fisheries Department have been instructed to have a closer supervision for enforcing strict conservancy measures against such poisoning and pollution.”

DR. A. SREENIVASAN :—“ Did this give rise to an epidemic of gastro-intestinal disorder in the locality? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ I want notice, Sir.”

SRI V. CHAKKARAI CHETTY :—“ What about the fish? Were they thrown away or eaten up? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ I hope that these dead fish which were dead on account of being poisoned were not eaten up by any persons.”

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SRI V. CHAKKARAI CHETTY :—" Thanks."

SRI A. GAJAPATHY NAYAGAR :—" Are the Government aware that there are more fish in the Bhavani river than ever came out of it? "

THE HON. SRI M. BHAKTAVATSALAM :—" Perhaps it is so and Government are trying to exploit them."

Tube wells in the South Arcot district.

* 178 Q.—SRI M. ETHIRAJULU : Will the Hon. the Minister for Agriculture be pleased to state—

(a) the number of tube wells sunk so far in the South Arcot district;

(b) whether the Government have any proposal to sink any more tube wells; and

(c) the cost of the tube wells sunk so far?

THE HON. SRI M. BHAKTAVATSALAM :—" (a) One.

" (b) The Government are considering a proposal for the sinking of one experimental tube well in Chingleput district.

" (c) Roughly Rs. 27,000."

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—MESSAGE FROM THE ASSEMBLY.

MR. CHAIRMAN :—" I have to announce to the House that I have received the following message, dated the 21st February 1955, from the Hon. the Speaker, Madras Legislative Assembly :—

' In accordance with rule 114 of the Madras Assembly Rules, I transmit a copy of the Madras Plantations Agricultural Income-Tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly, on the 21st February 1955 and signed by me for the recommendations of the Council.

2. I certify that this is a Money Bill within the meaning of Article 199 of the Constitution of India. "

III.—GOVERNMENT BILL.

THE MADRAS PLANTATIONS AGRICULTURAL INCOME-TAX BILL, 1954
(L.A. BILL NO. 30 OF 1954).

THE HON. SRI M. A. MANICKAVELU NAICKER :—" Sir,
I move—

' That the Madras Plantations Agricultural Income-Tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly, be taken into consideration.'

" In doing so I would like to point out to this House that the system of levy of land tax in this State has been subjected to the criticism that the burden of tax is not distributed equitably among the different classes of landowners and it is also generally accepted

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that the levy of tax on agricultural income is a progressive and equitable method of taxation. Hon. Members know that there is at present no tax on agricultural income in this State. The question of levying a tax on agricultural income has been under the consideration of the Government for a considerable time even as long ago as 1943. The levy of the tax has been postponed from time to time for some reason or other. The Land Revenue Reforms Committee, constituted to advise the Government on land revenue reforms and land tenure reforms, recommended, among other reforms, the levy of an agricultural income-tax over and above the land revenue assessment, the levy being applied in the first instance to plantation areas and extended gradually to other areas when there is a general progress in the standard of education of farmers. The Government have examined the recommendation of the Land Revenue Reforms Committee and in view of the many difficulties that will have to be faced by the farmers if the agricultural income-tax is to be levied on all agricultural produce, the Government decided to levy, in the first instance, the tax on plantations. To secure this result and to obtain an addition to the revenue in the State, the Government decided to levy with effect from 1st April 1955, a tax on agricultural income from coffee, tea, rubber, cinchona and cardamom plantations and drafted a Bill accordingly.

“ The Madras Plantations Agricultural Income Tax Bill, 1954, was introduced in the Assembly on 9th August 1954 and was referred to a Select Committee. The Select Committee subjected the provisions of the Bill to a very careful scrutiny. The Bill as amended by the Select Committee was passed by the Legislative Assembly without any major changes. The salient features of the Bill are as follows :—

‘ The tax will be levied on every person whose total agricultural income is not less than Rs. 3,000 and in the case of every Hindu undivided family or an Aliyasanthana family or branch, or a Marumakkattayam tarwad or tavazhi including a Nambudiri family, not less than Rs. 6,000. The scale of levy ranges from 9 pies to 5 annas 6 pies in the rupee. Persons who will be liable for the levy of the tax will not have to pay income-tax on the first Rs. 1,500 of their agricultural income. The companies will however have to pay a tax at 5 annas and 6 pies per rupee on their total agricultural income.

“ As it would cause great hardship if the thousands of small owners cultivating small extents of plantations are required to maintain accounts, planters owning not more than 5 acres in extent if used for growing tea or not more than 15 acres in extent if used for growing any other crop have been completely exempted from the payment of the agricultural income-tax. Persons owning not more than 20 acres in the case of tea and not more than 60 acres in the case of other crops have been given the option to compound the agricultural income-tax at the concessional rates specified in Part II of the Schedule.

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' Liberal concessions have been allowed in the matter of computing the agricultural income such as by allowing deduction for replanting expenses, interest on amounts borrowed for current expenditure subject to certain limits, bonus paid to workers, cultivation expenses, amount paid as land revenue or rent by landlord, expenses incurred for the maintenance of protective works for the benefit of the plantations, the sum written off for depreciation of machinery, buildings, etc., the expenditure incurred on the purchase or replacement of cattle, implements, etc., and any insurance premium paid against damage or loss of crop.

' The assesses under the Madras Land Revenue (Surcharge) Act, 1954, need not pay surcharge on land revenue assessments in respect of plantations owned by them. The procedure for the assessment and collection of the tax follows mainly the provisions of the Indian Income-tax Act and the Travancore-Cochin Agricultural Income-tax Act. The authorities who will exercise powers and functions under this Act will also correspond to those in the Acts mentioned above. Provision has been made for filing revision petitions to the High Court as in the case of the General Sales Tax Act.' "

MR. CHAIRMAN :—" Motion moved—

' That the Madras Plantations Agricultural Income-tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly, be taken into consideration.' "

* DR. V. K. JOHN :—" Mr. Chairman, Sir, I must pay a compliment to the Select Committee for the labour it undertook and also to the accommodating spirit of the Government because the Bill as introduced in the Assembly after it has gone through the Select Committee is different in many respects from the original Bill drafted by Government. It is not very often that the Government show such accommodating spirit and allow changes to be made in the Bill. Particularly, among the many changes made in the Bill, I find that super-tax has been given up and that there is no income-tax on dividend. Some more deductions have been allowed in the computation of income. I find one new thing has been introduced, namely, advance tax. The Government pay two per cent interest to a person who pays the advance tax when he has himself to borrow at many times that two per cent from the bank to carry on his business. Having complimented the Select Committee and the Government, I should say that it would have been much better if a Joint Select Committee of both the Houses had been constituted. I do not find anything in our rules prohibiting the constitution of Joint Select Committees even in the case of Money Bills. I find the Government are neglecting this House by constituting only a Select Committee of the Assembly. In the Joint Select Committee, the majority of Members will be from the Assembly, and then again Members belonging to the Congress Party will be in the majority. I think the Government would do well to

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constitute Joint Select Committees on all important matters and particularly on a most important matter like the Plantations Agricultural Income-tax Bill. Somehow the Government did not think of getting the assistance from the Members of this House. They could have selected Members belonging to the Congress Party alone. Even then some assistance would have been given to them. Therefore, I request the Government to consider hereafter the question of associating the Members of this House in Select Committees on important Bills. (The Hon. Sri C. Subramaniam : 'Unofficially?') It is a Joint Select Committee I say. The constitution of a Joint Select Committee even on Money Bills is not against our rules at all.

"Sir, the question now for consideration is whether we should have this Bill passed into law and again whether it should be passed in the form in which it has been passed by the Assembly. Before proceeding into the pros and cons of the Bill, I should like to place certain facts before this House. We have 83,509 acres under tea and these are owned by 2,792 persons. We have 99,770 acres under coffee owned by 15,232 persons. This shows that coffee estates are owned by small men and not big persons. We have 32,337 acres under rubber owned by 341 men. One important fact to remember about the plantation industry is that it is an industry started about a hundred years ago. There are persons who want to expropriate or discriminate against European planters. If any European did any service to this country in the field of industry, it is the plantation industry. In other cases he has stood against us. The Europeans discouraged other industries so that their goods might be sold. In the case of the plantation industry, they did not do so. The plantation industry would not be occupying the position that it does now but for the fact that many pioneers—many adventurers—came and underwent all trouble and suffering in the cause of the industry. They invested their money on land and cultivated the land. Sir, the economic life of the tea plant, we have to remember, is fifty to sixty years. In the case of rubber and coffee it is about 40 years. Now almost all trees in our State are overaged, and replantation is, therefore, very necessary. We have reached a stage when the produce is becoming less and less every year for two reasons, namely, (1) no replantation and (2) no scientific methods being employed as in other countries. What we want therefore is the reinvigoration of the area, which is now under cultivation. The second fact that we must note about the plantation industry is that the area under plantation must be expanded. There are hundreds of thousands of acres on the hillsides in our State which can be usefully cultivated (they are fit for cultivation). Tea, rubber, coffee, cardamom, and other produce can be grown. There is an international agreement regarding the acreage under tea. We are allowed to grow tea only on 19,050 acres. But we are not growing tea on such a large number of acres. We have grown tea only on 50 per cent of the acreage allowed under the international agreement. As regards rubber, there has hardly been any expansion. After 1946 there has been no expansion at all. In

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the case of coffee, there has been no expansion after 1952. The second fact which the Government and the public have to keep in view is that there is great necessity for expanding the cultivation of tea, rubber, coffee, and other produce. One other factor to remember is that plantations employ a much larger number of men than any other industry in this country. It is said that oil refineries in Bombay costing Rs. 43 crores engage only less than 10,000 persons. On the other hand if we invest Rs. 43 crores on plantations, we can employ two lakhs and fifteen thousand workers. Actually we are employing in this industry 4 lakhs of persons. That is why the Plantation Act of 1951 provides for amenities of all sorts including housing, schools, recreation facilities, etc., to plantation labour. The next factor to remember is that the Government of India levy an income-tax of 40 per cent on the income of tea estates, and that there is the excise duty for local consumption at four annas per pound. There is the export duty of four annas per pound and the Madras Government also impose a levy of one and a half annas in the rupee on the turnover. There is the land tax in addition of about Rs. 2-4-0 per acre. Another factor to remember in this connection is that the Government of India being very much interested in the development of the plantation industry have appointed a Commission to enquire into the economic structure of this industry and that Commission has not yet submitted its report. We have the Taxation Enquiry Commission report, which is not yet published. Sir, there is a popular idea that plantations give very large dividends. I have figures with me taken from authoritative quarters, and I find that from 1920-1930, the dividend was 10 per cent, from 1930-1940, the dividend was 5.4 per cent, and from 1940-50, the dividend was 9.5 per cent. The question is whether we must introduce this Bill at all now. I am not on the form in which it is introduced. Should we have introduced the Plantations Agricultural Income-tax Bill at all, is the question. I agree on principle that a tax on income is very much better and must be welcome. It is very much better than the regressive measures of taxation such as sales tax and other taxes. It is much better to have a tax on income, because only if a man makes an income, he is liable to pay tax. Now that the industry is going through a crisis. . . ."

THE HON. SRI C. SUBRAMANIAM :—" Which industry? "

* DR. V. K. JOHN :—" This plantation industry. The trees are overaged and the area under plantations require replantation. The soil is exhausted, and it also requires replenishment and renovation. When we want more plantations, a great burden is now being placed on the industry. (Interruption.) Perhaps the Hon. the Minister for Finance did not listen to me. As I said, since 1946 there has been no increase in the plantation area so far as rubber industry is concerned. From 1952, there has been no increase in the plantation area of coffee. In the case of tea, there is an international agreement in regard to the acreage we can plant. But, we have not planted 50 per cent of the area under

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that international agreement. Also, we have tens of thousands of acres of land fit for cultivation of tea, rubber and coffee. That is why I have said that the industry is in a difficult situation. People would have put money into the industry and would have expanded it but for the fact that the industry as such is not thriving. Personally, I should have felt that it would have been better had we waited for the publication of the report of the Commission appointed by the Government of India to enquire into the financial and economic structure of the plantation industry. We could have also awaited the report of the Taxation Enquiry Commission. This is the budget time both for the Central Government and other State Governments. It is strange indeed that the report of the Taxation Enquiry Commission has not yet been published. I would have preferred to await these reports.

But, now that the Bill has been introduced and has also been passed by the Assembly, the only question for us to consider here at the present moment is whether we should have it in the form in which it has been passed by the Assembly or whether some changes are to be made. I know that no amendment in this House will pass through. No recommendation can be made by this House and even if a recommendation is made and sent to the other House, it will not be accepted. That has become the practice. So, anything we may say now will be only for the purpose of being useful for the future guidance of the Ministry. If they find that we have made some constructive criticism here, they may adopt our suggestions at a later date. For instance, for years I have been pressing for the levy of betterment contribution. As a result of repeated suggestions made in this regard by persons like me, the Government came forward only recently with a Bill to levy betterment contribution. Thus, the Ministry accepted the suggestion which we have been making repeatedly in the past. In the same way, the Government may consider the suggestions that we make with regard to this Bill also, and though they may not be able to accept them now, they may accept them at a future date after appreciating the soundness of our suggestions. In this spirit only, I wish to make certain criticisms.

“ Sir, one fundamental principle of taxation is that it should not adversely affect the purchasing power of the people. If only we look at the address of the President of the United States of America to the Congress, we shall find that he has emphasised the one ambition of the Government, viz., that the purchasing power of the people which is at present 300 billion dollars must develop in a few years to 500 billion dollars. One cannot emphasise too much that the purchasing power must be raised. Only if we raise the purchasing power of the people, there can be business. Without raising the purchasing power of the people, there will be no meaning in raising production. If people do not have the purchasing capacity, business will come to a standstill. To-day, the purchasing power of the people is at a very low ebb. So, business is affected, production is affected and everything

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connected therewith is affected. To-day the Government are considering the question of exporting certain quantities of rice to other places. The Government do not ask the question, 'What is the reason for the paddy produced in this State not being purchased by the people of the State?' The prices are now coming down. There are not sufficient persons here in this State itself to purchase the foodgrains produced here. Why? Because, the purchasing power of the people of this State has gone down. Have the Government made an enquiry as to whether every person in this State has a square meal a day? Is the production of this State sufficient to feed the entire population? It is not. Millions of people are starving and they are not able to purchase the necessary foodgrains. It may look very well for the Government to consider a certain quantity of rice as excess and arrange to export the same to other places. Sir, any taxation measure that the Government may contemplate should not adversely affect the purchasing power of the people. Again, according to the theory propounded by Kayee, the well-known economist, which has found a very wide acceptance, the economic strength of a country depends upon spending on consumption and on investment. If only more and more money is spent on consumption and more and more money is invested on industries without being hoarded, there will be economic stability in the country and there will be all-round prosperity also. Applying this principle, the Government should have introduced a taxation measure which should give great encouragement to greater investment on the plantation industry. If only the Government had told that this tax would be levied on the income of the planter concerned after deducting therefrom amounts spent on expansion of the industry, improvement of the land and replantation, then people would have spent more money on rehabilitation of the existing area and expansion of the industry. Now, the Government have provided for a small deduction of $2\frac{1}{2}$ per cent in this regard. If only the Government had said that they would give full deduction for every rupee spent on expansion and every rupee spent on improvement and replanting, then people would have invested larger sums of money on these expansion activities. The Government must come forward to encourage such expansion activities. Now, in computing the income, the Government do not take note of this fact. The Government take the entire income into account for the purpose of levying this tax without providing for substantial deduction for expansion of the industry, for bringing additional extents of lands under cultivation, and also for improving the existing area under cultivation. I think the Government have made very serious mistakes in regard to this matter.

" There is another mistake which the Government have made. Although they have given up super-tax and put $5\frac{1}{2}$ annas as the ceiling figure of taxation, actually it is only an eye-wash. Because, the Government have not introduced a provision which is found in the Indian Income-tax Act. According to this, if a company pays income-tax on behalf of the shareholders and if the

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shareholders' income does not exceed the taxable limit, refund will be made to the shareholders. This has been made clear in section 48 of the Indian Income-tax Act. My complaint is that the principle of the Indian Income-tax Act has not been followed here. Take the case of a company having 10,000 shareholders carrying on business. When income-tax is paid by this company, it is deemed to be paid on behalf of the shareholders and as I said there is a provision for refund. It is nowhere stated in the Bill that the dividend paid to a shareholder is an item of deduction."

SRI K. BHASHYAM :—" The dividend paid is deducted from the profits for computing the income-tax."

* **DR. V. K. JOHN** :—" It is strange. Is it after making payments of the dividend that you come to the income for taxation? I am surprised that a leading lawyer like Mr. K. Bhashyam should speak without knowing what the Indian Income-tax Act says on the point I am making. There is a provision in the Indian Income-tax Act—I mean section 48—which says that the person who gets a dividend can claim a refund of the income-tax paid on it by the firm, if his income does not exceed the taxable limit. Suppose a widow has put some money into a firm in the shape of shares and suppose also she gets a dividend of Rs. 1,000. It means the company has already paid the income-tax on that amount, say to the extent of Rs. 200. If she applies for a refund of this amount, she gets it back if that is her only income or if her total income does not go beyond the taxable limit. If ten thousand persons joined together and created a company, is it equitable to take away from that company any money without regard to the financial condition of the shareholders? Sir, this is a very serious omission which the Government have made in drafting this Bill. In imposing an income-tax on plantations, the Government must closely follow the principles embodied in the Indian Income-tax Act. There is the quintessence of wisdom

* **SRI K. BHASHYAM** :—" I would like to refer my friend to clause 10 of the Bill which says—

'Agricultural income-tax shall not be payable on that part of the total agricultural income of a person which is—

(a)

(b) any dividend which he receives as a shareholder out of the agricultural income of a company,

So, dividend is not taxed at all."

* **DR. V. K. JOHN** :—" There is no tax on dividend. I am not saying anything about tax on dividend. I am referring to a provision in the Indian Income-tax Act enabling a person who has got a dividend on which the firm has already paid the tax, to apply for a refund on the ground that he has not got taxable income. This is a very important provision and the Government have made the mistake of omitting this in this Bill."

THE HON. SRI C. SUBRAMANIAM :—" We have deliberately done it."

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* DR. V. K. JOHN :—" Whether it is agricultural income-tax or any other income-tax, the principles embodied in the Indian Income-tax Act should be fully embodied in the Bill."

THE HON. SRI C. SUBRAMANIAM :—" Can we have the same scale of 14½ annas here also? "

* DR. V. K. JOHN :—" This 5½ annas is a mere eye-wash. What happens under the Central Act is, if the Government take two lakhs of rupees from a company, nearly a sum of Rs. 1,50,000 is returned or refunded. The Government get only Rs. 50,000 from the firm. Now, under this Bill, the Government are putting a heavy burden on the poor people. They are imposing a tax on a person getting less than Rs. 3,000. A man getting below Rs. 100 is sought to be taxed. Under the Indian Income-tax Act, a man receiving a dividend which is below the taxable limit can ask for a refund of the tax paid by the company because under section 49 (b), any tax paid by a company is tax paid on behalf of the shareholder. The shareholder can put in an application for refund in Form 36 and get the money back. Perhaps more than half the money paid by various firms in India to the Government by way of income-tax is returned to the shareholder as refund. If a person gets a dividend of hundred rupees, he has to bear now that portion of the tax on every hundred rupees which may be even fifty rupees. So, this 5½ annas will weigh heavily on the poor common man."

THE HON. SRI C. SUBRAMANIAM :—" What about the Corporation tax which the companies now pay? "

* DR. V. K. JOHN :—" What is the idea in not adopting the provisions of sections 48 and 49 (b) of the Indian Income-tax Act here, when they are embodied in the Travancore-Cochin Act, especially when the Government say that they have adopted the Travancore-Cochin Act, word for word, even with the same grammatical mistakes? I have pointed out some of these mistakes also. We have now got income-tax on agricultural land in West Bengal, in Assam, in Travancore-Cochin and in Coorg. Section 48 of the Indian Income-tax Act is embodied in the Travancore-Cochin Act and we have not done it in our Bill. Why? I know that the Government feel, once they give refund to the poor shareholders, perhaps much money will not come out of this measure. If a thousand people join and start a company, are they to pay tax on the whole income . . . ? "

* SRI K. BHASHYAM :—" My friend is labouring a point which really is not there."

DR. V. K. JOHN :—" You may explain it later in your speech. You may take a little time to study the Indian Income-tax Act before you speak on this Bill."

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* SRI K. BHASHYAM :—“ I am afraid, Sir, this is not the place for us to indulge in studying our comparative merits. This is a Bill relating to agricultural income-tax. Let us talk about it and not about persons.”

* DR. V. K. JOHN :—“ The hon. Member, Mr. Bhashyam, interrupts me to say that the provision is there, and here is the Hon. the Finance Minister who says, ‘ We have deliberately omitted it ’. I do not want to say anything more on this. All that I want is, when the Indian Income-tax Act contains a provision to enable persons who are shareholders to obtain a refund of the tax under certain conditions, and when the Travancore-Cochin Act also has a similar provision, we also should have it here. You say the taxable limit is Rs. 3,000. How can this provision work, when you do not allow refund to those whose taxable income is less than Rs. 3,000 but who have already been subjected to this tax? Section 49 (b) says that the income-tax paid by a company is paid on behalf of the shareholders. That is a principle accepted by all civilised countries of the world. The Hon. the Finance Minister says he has deliberately ignored this principle. Probably he feels, once they start refunding the money, they will lose much of the anticipated income. No good fixing a limit of Rs. 3,000, whereas the limit for every individual under the Indian Income-tax Act is Rs. 4,200. I do not know why that limit of Rs. 4,200 prescribed in the Indian Income-tax Act has been reduced to Rs. 3,000. Speaking from a practical point of view, by this tax every shareholder in a company is taxed and the tax is not refunded to him, whereas the refund is there in the Indian Income-tax Act. This is a very serious mistake. One of the cardinal principles which you should follow in any measure of taxation is that it must be levied on those who can bear it. The poor man who gets a dividend from a plantation company wherein he is a shareholder and who has no other income than the little portion that he gets as his dividend, is now taxed. He is not exempted. All shareholders are subject to this tax. Everybody is taxed. That is why I say it is against the principle adopted in the Indian Income-tax Act and also the principle adopted in a number of other States which have introduced this tax in their agricultural plantations. When each and every shareholder is taxed, what is the meaning of fixing the limit of Rs. 3,000? I say it is only an ‘ eyewash ’. Whereas it is said that no agricultural income-tax shall be payable on a total agricultural income which is less than Rs. 3,000, in the last proviso to Part I of the Schedule it is said that in the case of every company, agricultural income-tax shall be charged at the maximum rate on the whole of the agricultural income. That means every shareholder is thus subject to tax on the dividend he receives. That is why I say, this fixing of Rs. 3,000 is only an ‘ eyewash ’.

“ As I said earlier every company and every planter will certainly pay a good deal of his money for the purpose of renovation and expansion. But you do not give any allowance for renovation

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and expansion. You do not deduct the expenses incurred on account of renovation and expansion from his total income and then ask him to pay agricultural income-tax. The shareholder who has to find the money for paying the tax, must also find the money for expansion and renovation, as well. When you tax him for on dividend he gets, is it not just and proper that due allowances should be made for renovation and expansion? The shareholder's portion must go for expansion as well. Is it not the duty of Government, especially now when we are in urgent need of renovation and expansion because of the trees having become old, to come to the rescue of these planters? Is it not their duty to deduct from the total income of the planters the cost of renovation and expansion, and then only tax them? But they have not done so. The present Bill does not deduct the cost of renovation and expansion. When such is the case, this tax will act as a detriment to the renovation of existing areas and their expansion, which expansion would really help the Government in future by giving them some more income.

“What you should and ought to have done is to have said that *only* those persons who do *not* renovate and expand their existing areas, will be taxed and that all those persons who renovated and expanded would not be taxed. But you don't do that. You do not give any allowance for renovation and expansion. Deduction from the total income for renovation and expansion is not made. When such is the case, the cost of renovation and expansion by a plantation company has got to be borne by the shareholders. Then the shareholder will get hardly any dividend. What will be the logical conclusion if the Bill in its present form is passed? Nobody would be induced to invest anything on plantation. They will neither renovate nor expand. These people get 5 per cent or 6 per cent or 9 per cent by way of dividend. May be their shares might have gone up. At the present time a Rs. 100 share might have gone up to Rs. 200. But when the present Bill is passed, the value of the share might get reduced to Rs. 50 and there will be no dividend at all. People will lose the value of their shares, their capital, and production will decrease. So the Government must consider that this should not be a measure of taxation which will lead to the detriment of production but help production. You should not say 'whatever money one might put in plantation, whether it is for renovation nor expansion, we will tax them.' (The Hon. Sri C. Subramaniam: 'Is such concession given under the Indian Income-tax Act?') I shall come to that. There are not 50 year-old trees which have got to be replanted under the Indian Income-tax Act. If the trees were planted last year, you will have to wait for 10 years in the case of rubber for the yield. It is not also clearly said how much the Government are going to get by way of this tax. I quite agree that Government must have some source of revenue. Income-tax is perhaps the most equitable source of revenue. But that income-tax should not be levied in such a way as to be a detriment to production. You have fixed the maximum rate of 5½ annas in the rupee. You might have started with a

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smaller rate and then slowly, after the Act is worked for several years, increased the rate. You might have started with a rate of one anna in the rupee. When the Indian Income-tax Act was first introduced, the tax was for a small amount and slowly it was increased in succeeding years. Instead of fixing the maximum rate of $5\frac{1}{2}$ annas in the rupee, you could have fixed the rate of one anna on all agricultural land. By that you could have realised the same amount which you, now, think of collecting by fixing the maximum rate of $5\frac{1}{2}$ annas in the rupee, on agricultural plantations alone. The reason given for not applying this income-tax on agricultural lands other than plantations, was that the ordinary agriculturists do not know how to keep accounts. Hereafter the agriculturist will learn to keep accounts. That is what is now hoped. I ask wherefrom this Government got the idea to levy this income-tax on plantations alone? You say this Bill is similar to the one they have in Travancore-Cochin State. But there in Travancore-Cochin, the agricultural income-tax is not on plantations alone but on all agricultural land. Take similar Acts in West Bengal and Assam. It extends to all agricultural land. When the agriculturists in those States could keep accounts, surely our agriculturists also could keep correct accounts. If you have started with the one anna rate and levied it on all agricultural land, you could have got the same amount which you now think you can collect by the present method of collection. Even though the Select Committee has made some improvements, I do not know why they have not considered this question.

“You have not done many things. If you mortgage any property for the purpose of raising some money, interest for the amount borrowed is not taken into account. You must make allowance for the interest. There are so many things you have not done. I would like to make three big criticisms. One is that you ought to have exempted all moneys spent on expansion and renovation. Secondly you ought not to have taxed the poor man. Thirdly you could have brought all the agricultural land into the scope of the Bill and reduced the rate to one anna or $1/10$ th of the present maximum rate prescribed. But here you have chosen only one industry, the plantation industry, which earns you dollars. That industry has been very useful in earning us dollars and that industry has been unopened for many years and has not been taxed so far. That industry which employs as many as 4 lakhs of labourers should be given the incentive to increase its earnings. Instead of encouraging that industry and without waiting for the report of the Taxation Enquiry Commission . . .”

THE HON. SRI C. SUBRAMANIAM :—“Sir, does it require so much of repetition by the hon. Member?”

DR. V. K. JOHN :—“I am only summarising, Sir.”

THE HON. SRI C. SUBRAMANIAM :—“There is so much repetition, Sir,”

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DR. V. K. JOHN :—“ I am glad that the Hon. the Finance Minister has followed the points which I have been urging.”

MR. CHAIRMAN :—“ The hon. Member has taken forty minutes.”

DR. V. K. JOHN :—“ In my opinion, Sir, this Bill ought not have been introduced. At any rate it should not have been introduced in the form in which it is introduced.”

* SRI K. BALASUBRAMANYA AYYAR :—“ Sir, I do not want to cover the same ground that has been covered by Dr. John. I want to refer to one point only not in connexion with this Bill alone but with all Bills that are introduced here. Rule 125 of the Council Rules states: ‘ At any time after copies have been laid on the table, in the case of a Government Bill, any Minister and in any other case, any member may give notice of his intention to move that Bill be taken into consideration.’ Rule 126 says—

‘ Unless the Chairman otherwise directs, no such motion shall be set down in the list of business for any day which is less than three days from the date of receipt of the notice.’

I take it that the Hon. Chairman would have ‘ otherwise directed ’ in this matter. But this seems to have become the order of the day. Up till now I have not had occasion to see that this rule requiring notice has been observed. I am saying this, Sir, with a certain amount of responsibility. No motion has been set down in the list of business three days after the receipt of message from the Assembly that the Bill in question has been passed. This Bill is a very complicated Bill involving accounting. Members of this House require time to study this Bill. The time given to us to understand this Bill is insufficient. But the Government may say ‘ We supplied copies of the Bill to Members long before ’. It is not sufficient if copies of the Bill are in our hands. We must know the changes made by the Select Committee and the amendments made by the Assembly. These amendments have got to be taken into consideration. Then only we may understand the Bill properly. My submission to you, Sir, is that you will please allow us the usual notice period and not ordinarily waive notice. Of course if there is urgent necessity for it, I do not object. In other cases, I hope the Hon. Chairman will insist on the three days’ notice period. This is my humble submission to the Chair.

“ So far as this Bill is concerned, I may say, Sir, that any taxation measure is unpopular. I am not proceeding to discuss this measure on that basis. But I propose to speak on the general principle underlying taxation measures. I am not a planter, nor am I interested in plantations. I am not, therefore, arguing for any vested interest. But I am talking on the general principle to be followed in all measures like the present one. I want to test this particular Bill upon that principle. After the Second Five-Year Plan, equal importance is attached to the private sector also.

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That has been made clear in the speech of the Prime Minister when he moved the resolution on the establishment of a socialistic pattern of society. The plantation industries deal with tea, coffee, rubber, cinchona and cardamom. These five crops are some of the most important things for our country. They are also exported to foreign countries. They depend largely for their success on the prices they get in the foreign markets. These commodities are for internal consumption and also for export. The Government have always had strict control over the whole business. So far as coffee is concerned, there is the Coffee Board and Coffee Pool. Prices are fixed by the Government as also the quantities of coffee that should be exported and retained for internal consumption. All these things are entirely in the hands of the Government. The whole policy is dictated by the Government. So the planter has no special initiative of his own in all these matters. He has to depend entirely upon the foreign policy of the Government and upon the competition in prices all over the world. The Hon. the Finance Minister said that there was no crisis now. I am not saying that the industry is in any crisis. But some of the planters, I may say, have given their minutes of dissent. They have said that in the year 1952 they went through a very difficult period on account of depression. Tons of coffee were detained in the country without being exported. The stock deteriorated, and the value of the produce finally realized in the market was very low. Coffee also underwent a difficult time during 1952, and thereafter slowly recovered. Tea and rubber industries are not progressing as well as they should. These are some of the factors that we have to take into consideration. We should see whether that taxation measure will affect the industry. That is one of the chief considerations. We should see whether the measure will be a drag on efficiency or will impose a penalty on success or be a discouragement to the expansion of the industry. It should not be a drag on efficiency and it should not also be a penalty on success. In the private sector the Government have not done anything so far as the plantations are concerned. Some of these planters went through the various parts of the country and established their companies. Some are foreign companies. Though we may say that the foreign companies are taking very large profits out of this country, still many of these commercial crops are not cultivated by Indian companies. The industries are now very largely in Indian hands and the Government did not . . . (Interruption.) My impression is that some of the Indian companies have purchased the plantations from the foreign companies and that they have taken up the cultivation of these crops. It was asked by some Members 'Why the foreign companies should not pay this tax when they are taking out large profits from this country?' That may be one reason, but still what I want to say is that this is an industry which has to expand and improve. It is an industry that requires the support of our people. The fact is that in many of these industries, people have got a large number of shares. They are depending upon the value of their shares and on the

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dividends which those shares would give them. When this tax is levied on the industry, it will have a prejudicial effect on the dividend and also on the value of the shares. Judged from that point of view, we will see that there is the danger of the shares going down in value. Thereby property rights of these shareholders will be affected. Dividend on their shares also will go down. If the company is still able to pay dividend, after meeting this tax, it is all right. But if it is not able to pay, then the dividend will be seriously affected. There is the further fact that most of the plantations are already heavily taxed. So far as tea is concerned it is heavily taxed. There is the excise duty and various other duties and cesses. There are the municipal taxes. There is also the land revenue. We must take into consideration all these factors. I welcome the Government's move in not imposing a super tax, and also in limiting the tax to $5\frac{1}{2}$ annas in the rupee. If there was also super tax, it would have been still more difficult. At any rate, the whole taxation policy of the various States and the Centre is being examined by the Taxation Enquiry Commission. I am sure they would also have gone into the question as to whether agricultural income-tax should be levied on plantations and that too immediately. We do not have a full report of that Commission. Possibly, the Government may have a copy of the report or may have some information in this regard. But, we do not have the full picture before us at the present time. That is why I say that it will be much better to take this Bill into consideration after we have a full picture of the recommendations made by the Commission, and after the Government of this State also had completely considered all aspects of the report. I would also like to point out that the Government of India have appointed a Committee for the purpose of enquiring into the condition of the plantations and the report of that Committee will also be very valuable to us in considering the measure which is before us. After the receipt and consideration of the reports of these two Committees, the Government will do well to come forward with a suitable and comprehensive measure. Sir, my point is that this measure will have a deterrent effect on the general expansion of the industry especially when the prices are so fluctuating and when the prosperity of the industry depends on various factors such as foreign market, etc. Moreover, the policy of the Government to control the industry will have a damping effect upon private initiative. The plantation industry depends much on private initiative. Many of our people, I mean many belonging to the middle classes, are also shareholders. When the industry has to depend entirely upon private initiative for its development and when the policy of the Government is to control it, it would have been much better if this industry had been left without being taxed at least for some time more. I am not saying that it should not at all be taxed. I only say that it may be spared from this tax for some time more.

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“ There is another matter which I would like to mention in this connection. So far as the imposition of the rates are concerned, there is a special provision in the Indian Income-tax Act that every year the rate should be fixed by the Legislature through an enactment. That is why we see the financial Acts are being passed from year to year. It would have been much better if this wholesome provision has also been incorporated in the Bill before the House, instead of making this a permanent tax. It would have been much better if there was a provision which allowed the Legislature or the Government to review the whole position from time to time and come before both the Houses of the Legislature every year with suitable Bills fixing the rates of the tax from time to time. This could have been done and would have been very well indeed. All the factors concerning the industry should be taken into consideration. For instance, we must see whether at a particular time the industry was suffering from keen competition in foreign markets or due to any other reason. If it was really suffering at that time, we could lower the taxation rates. If, on the other hand, we find that the industry was enjoying huge profits, we can raise the taxation rates. This is the first general principle which I want the Government to consider. This provision relating to the passing of annual Acts found in the Indian Income-tax Act could have been incorporated in the Bill under consideration with considerable advantage.

“ My next point is that the deductions that are allowed in the Indian Income-tax Act could have been followed in their entirety in our Bill. There are certain deductions so far as the plantations are concerned. These could have been incorporated here also. I do not want to go into the details of this matter. When we consider particular clauses, I would like to enumerate what further deductions are to be made so that the plantation industry may not be throttled. To mention only a few of the deductions made in the Indian Income-tax Act, I would like to refer to the deduction made for payment of some money to charitable and other purposes. There is no such provision in the present Bill. Then take the case of scientific research. So far as the plantation industry is concerned, whether it be tea, coffee, rubber or any other, a good deal of research is necessary for the purpose of expanding the industry and also for the purpose of seeing that the industry is efficiently and properly carried on. In this Bill, insurance premia are not allowed to be deducted. This is allowed in the Indian Income-tax Act. The life insurance premium in respect of the proprietor, his wife or members of his family is not taken into consideration here for purposes of deduction. As I said, these are only a few of the instances. When a taxation measure like the one under consideration is contemplated by the Government, all these factors must be taken into account. Then only the measure can be equitable and justifiable. When we consider particular clauses, I will go into the details of this aspect.

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“ So far as the non-resident planters are concerned, they have plantations in the State but live outside the State. The present Bill says that they may have some agents here and that therefore they should be held jointly and severally liable with the non-residents. This is a very difficult matter, Sir. These agents are not the agents contemplated under the Indian Contract Act. There is a lot of difference. The agent defined in the Indian Contract Act is not the same person as the one defined in the Indian Income-tax Act. If the agent mentioned in the Bill is the same as the one defined in the Indian Contract Act, he may have recourse to indemnity against his proprietor and that may be reasonable. But it is not the case. Instead of making these agents jointly and severally responsible, it will be much better to recognize certain persons as agents for the purpose of this Act, viz., to serve notices, etc., and to collect the tax from the non-resident planters themselves. If this is done, it will be conducive to the proper working of the Act also. Otherwise, there will be difficulties in making the agent jointly and severally liable.

“ There is another important provision. It is said that the losses of the previous year alone will be carried over. (Interruption.) I am sure there is such a provision. I have looked into it. When we come to the particular clause, I will refer to it in greater detail.

“ So far as the joint family is concerned, the exemption limit is fixed at Rs. 6,000. In the Indian Income-tax Act, it is fixed at Rs. 8,700 and I would urge that this limit may be adopted so far as the plantations are concerned. So far as the exemption limit is concerned, it may be a little more than five acres. Some suggestions were made in the Assembly that in the case of tea, 10 acres might be fixed and so on. These are some of the matters on which the Bill could be improved. But as a general principle, I would like to make a fundamental point that so far as agricultural income-tax is concerned, the rates, etc., should be fixed by an annual Act instead of by a permanent taxation measure of this kind. This Bill could have been introduced after the Taxation Enquiry Commission, the special Plantation Enquiry Committee and the Government of India had made known their views on the present taxation structure in the country. If we have before us these three reports, we could have a better picture of the whole of the plantation industry. We would then be in a better position to judge whether a tax of this kind is just or equitable and will not cripple the resources of the plantation industry.”

* SRI K. BHASHYAM :—“ Mr. Deputy Chairman, Sir, I find some agreement at least between the Opposition and the Government in respect of the principle of the Bill. Income-tax is the most scientific and logical tax one could ever think of. I wish the land tax were abolished altogether because in all other countries, it is not the land that is taxed but it is the income from the land that is taxed. Income-tax on agricultural land is attempted for the first time in the Madras State and I welcome this measure

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in that sense. If the Government bring in another Bill very soon for taxing all agricultural incomes—whether from plantations or otherwise—and taking away the land tax, that would be the best thing that the Government can do. It will be very much to their good because the Government will not be charged of being partial in that they tax only income from plantations and not non-plantation agricultural income.

“ Then, Sir, there is this thing. The Bill that we are now passing may be slowly and naturally—and properly also to some extent—be extended to other incomes also from agriculture. When we do so, the provisions of this Bill will be taken as the basis for such a legislation and so, these provisions require careful and close examination. In that sense, I believe, the suggestions and remarks that we make on this Bill will be useful to the Government though I am sure they will not really be accepted now as the basis of amendments to the present Bill itself. The suggestions made by the hon. Member, Dr. John, also merit consideration and they may be helpful in drawing up any amending Bill to the measure that we are presently passing.

“ Sir, so far as the drafting of the Bill is concerned, it leaves very much to be desired. In fact, as has already been pointed out by many members, some provisions of the Indian Income-tax Act have been taken and incorporated in this Bill without carefully examining the implications of such provisions and without studying the decisions of the courts on some of the sections so incorporated. Some provisions from other Income-tax Acts like the Travancore-Cochin Act, the Bihar Act and the Bengal Act, have been adopted here without perhaps co-ordinating all these and subjecting them to close examination. I agree with the remarks made by the Deputy Leader of the Opposition on this point though some of the suggestions made by him were not quite good. This Bill must have been submitted for examination to a small committee of experts who could advise the Government as to how it should be drafted. At this stage, it is neither possible nor profitable to argue the several inconsistencies contained in the Bill. However, I do want to point out one or two defects that are noticed in the Bill so far as the incidence of taxation goes. For instance, there is a provision in clause 3 (3) relating to the charge of agricultural income-tax. Perhaps hon. Members may be interested in what I am going to say and I would request them to listen to me. The sub-clause says—

‘ In the case of persons holding property as tenants-in-common and deriving agricultural income, the tax shall be assessed at the rate applicable to the agricultural income of each tenant-in-common.’

When we apply the provisions of this sub-clause to a case covered by a latter clause—clause 29—we will notice the omission. Clause 29 deals with the question of assessment after partition of a Hindu undivided family, an Aliyasanthana family or branch or Marumakkattayam tarwad or tavazhi. This whole provision has been taken from the Indian Income-tax Act and the decision of

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courts so far goes to show that it is not enough to enter into a partition deed or get into a partition arrangement. There must be a division by metes and bounds. That is the law at the present moment. When we study clause 29 in the light of this decision and take it to clause 3 which says each tenant-in-common will be assessed to income-tax separately, how are these two provisions to be reconciled? Clause 29 of course reads all right. But there are decisions of courts and of Commissioners of Income-tax which say that the section does not apply to cases where there is merely a partition deed and that it applies only to cases where the division is by metes and bounds and the property put in possession of various persons. How are these two provisions to be reconciled, I ask?

“ Then, Sir, take another case. ‘ Person ’ in the Bill is defined as ‘ any individual or association of individuals ’. What happens now is if there is a registered firm, it is the firm that is taxed and not each member thereof. Suppose there are two persons who are partners of a firm and one of them dies leaving minor children. The firm goes out of existence and the association comes in. Since according to the definition they are tenants-in-common, both can be taxed. These are some of the difficulties one will come across in the working of the Act. We know what the decisions of Courts on the Indian Income-tax Act are. I am afraid the Bill has been drafted without going into the very implications of these decisions.

“ Sir, I am only mentioning these points and it is not for me to argue these in this House. There are also other serious omissions in the Bill. According to the Bill, ‘ Principal Officer ’ used with reference to any company or association means—

(i) the Secretary, Treasurer, Manager or Agent of the company or association, or

(ii) any person connected with the company or association upon whom the Agricultural Income-tax Officer has served a notice of his intention of treating him as principal officer thereof.’ So, whoever the Income-tax Officer selects can be called the principal officer of the company. Suppose, there is a clerk who is working there. It is not as if he is concerned with the various branches of the company’s business. It is wrong to define the principal officer as such since even a clerk can be termed so. He is not responsible for submitting returns to the officer; he is not responsible for payment or income-tax; he does not operate on the bank account. For any possible non-compliance with the provisions of this Act, he is likely to be prosecuted. I hope the Government will look into these things and rectify them.

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"I am not able to understand what exactly is meant by clause 9 (1) of the Bill. I do not understand the meaning of saying, viz.,—

"In computing the total agricultural income of an assessee, all agricultural income arising to any person by virtue of a settlement or disposition, whether revocable or not, and whether effected before or after commencement of this Act, from assets remaining the property of the settlor or disponent shall be deemed to be the agricultural income, etc."

It is said that the property remaining with the settlor shall be determined. Suppose a person has given his property to another and if it is not revocable, then how are you going to assess the agricultural income? Therefore it is I say that, while the object of Government is clear, the drafting of the clause is bad and will defeat the very purpose of the measure.

"A general survey has been made by the Members of the Opposition as regards the necessity or otherwise of this Bill in this State. They said that the Government could have waited for some time more and that they need not have rushed in with this Bill when there was the Plantation Enquiry Committee which was studying the problem. The Plantation Enquiry Committee is concerned with the social welfare of the workers in plantations and with the economic condition of the workers in plantations. While I admit that in an indirect way, the economic position of the competency, I am clearly of the opinion that it is beyond the purview of the Plantation Enquiry Committee to suggest whether there should be agricultural income-tax on plantations or not. As regards the Economic Enquiry Committee, the Finance Minister has stated that the agricultural income-tax is one of the things favoured by the Committee though the report is not yet out.

"I think the exemptions granted are liberal indeed. The five-acre limit is a reasonable one. It has been suggested in the Select Committee that further concessions may be given for small landowners cultivating coffee and tea in their lands. I am sure Government will think about them and make proper provision in the rules which they would make under clause 61. Otherwise the exemptions granted are fairly generous. Somebody said that provision for 'capital expenditure' has not been made. I would like that hon. Member to look into clause 5 (g) (ii). In fact, it is provided for. Clause 5 (g) states—

"Expenses other than capital expenditure incurred in the previous year of cultivating the crop from which the agricultural income is derived and of transporting such crop to market, including the maintenance of agricultural implements and cattle required for such cultivation and transport or both :"

There is the proviso to clause 5 (g) which says—

"Provided that in any particular year the total replanting expenditure shall not exceed the amount necessary for replanting $2\frac{1}{2}$ per cent of the acreage if the crop is rubber or coffee, $1\frac{2}{3}$ per cent if the crop is tea and $8\frac{1}{3}$ per cent if the crop is cardamom and 10 per cent if the crop is cinchona."

I think objection could not be taken to the fixing of this percentage. I think enough provision has been made for replanting. I was not one of the witnesses examined. But, I think it was Mr. Pais

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speaking for landlords, in the Select Committee who said that the percentage fixed for ' capital expenditure ' in this clause was a big figure incurred on replanting.

" I would like to say a word or two with regard to ' refund '. In the case of companies, it is the company that is taxed. In the case of a joint Hindu family, it is the joint family that is taxed. In the case of a firm, it is the firm that is taxed and not the individuals. Of course, individuals if they own property themselves and not jointly with others, they are taxed because they own the property. If a company is taxed, it is the aggregate of shareholders that are taxed and not each and every one separately. To the extent that a shareholder, if the company is taxed, has got to pay his share of the tax, there is an indirect bearing of the tax on the shareholder. But you have got to remember one principle in this taxation. The amount that is paid as dividend to the shareholder cannot be an agricultural income. The Supreme Court has held such a view. The tax is levied on the company and not on each shareholder. Suppose a shareholder receives Rs. 200 as a dividend and he has 20 or 30 acres. In computing the value of the income which he derives, the amount he got by way of dividend is not taken into account because the amount that is derived by way of dividend cannot be treated as agricultural income. Therefore, I say, the question whether refund should be made is quite unnecessary for the purpose of this Bill. If the shareholder has no land and if you say that the tax which as a shareholder he may likely have to pay should be refunded to him, that is perfectly legitimate. But to go further and say that each and every one should get refund, is, I think, going far beyond and I think that that is not justifiable. That is my point of view. The Supreme Court have held that any dividend received from a company which is engaged in agricultural operation is not agricultural income at all. They have come to that decision. Therefore, the question of refund does not arise.

" A difficulty may arise when refund is claimed for, say, ten years. The refund may be claimed according to the prescribed clauses 44 to 48. Then the difficulty from ' what date one should calculate the income ' may arise. But the Government are enforcing this measure only from April 1955. I think if any difficulty is experienced, they may bring in an amendment later.

" I would like to mention a serious mistake. In the Income-tax Act, the undetermined liability of the transferor is limited only to the year the transfer took place and the year previous to that. No such provision has been made here with regard to transfer of title on plantations. (Interruption.)

" Perhaps Dr. John is right and I am wrong. (Interruption.) I am not speaking on that. I am speaking of the claim to be made on the assessee. How far back can the claim go for this

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purpose? What I have been talking on is something different. I am on the subject of transfer and succession. The proviso to clause 23 reads—

‘ Provided that when the transferor cannot be found, the assessment of such agricultural income of the previous year in which the transfer took place up to the date of the transfer and for the years preceding that year shall be made on the transferee in like manner and to the same amount as it would have been made on the transferor’

This does not specify the number of years. That is the difficulty. In clause 28, there is some improvement. It says—

‘ (1) Where, at the time of making an assessment under section 17, it is found that a change has occurred in the constitution of a firm or that a firm has been newly constituted, the assessment shall be made on the firm as constituted at the time of making the assessment.

‘ (2) Where a person carrying on any business in the course of which agricultural income is received has been succeeded in such capacity by another person, such person and such other person shall each be assessed in respect of his actual share of the agricultural income of the previous year :

Provided that, when the person succeeded in the business cannot be found, the assessment of the agricultural income of the year in which the succession took place up to the date of succession, and for the year preceding that year shall be made on the person succeeding him in like manner’

In the case of succession to property by the ordinary law of inheritance, the person is liable to pay only that amount that has to be paid for the year and he has also to pay the amount for one year previous to that. In the case of assessment on transfer, there is no such limitation prescribed. The person is not only liable for the broken period but also for the previous year and years. I do not know for how many years he will have to pay. These are all matters to be discussed fully at the second reading stage of the Bill. I did not think it worth while to put all my ideas in the form of amendments, because they are not going to do any good now. I have in view many amendments to make clear some of the provisions of this Bill. The Government would accept them if they are not in a hurry to pass this Bill. I conclude by saying that, while I agree with a number of provisions in this Bill, I see there are certain clauses which require improvement not only in drafting but also in substance.

“ Sir, in this matter, we have to face trouble from our household. We are all persons addicted to coffee. We drink coffee in the morning, in the evening, and perhaps in the night also.”

SRI A. M. ALLAPICHAJ :—“ I take tea.”

* SRI K. BHASHYAM :—“ Tea comes to the same thing. We have to consider whether this tax will not tend to increase the prices of coffee and tea. This is a question we have to answer in our household. I do not know how the Hon. the Minister for Agriculture will answer if he is put this question in his house. (Sri T. Purushotham : ‘ He does not take coffee.’) Otherwise he would have felt the difficulty. The levy is only five and a half annas. But the so-called merchants and others will take

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advantage of this tax for the purpose of raising the price of coffee thrice. They may increase the price very much. To-morrow, it will be said that prices have gone up because of this tax. Sir, I think the Government will be incurring the odium and unpopularity of the people by pushing through this Bill at the present moment. I would caution this Government to think about this tax many times before they push through this Bill and bring it into force. After all, the Government live by votes. This question of votes and incurring the unpopularity of the people has to be considered. The Government may be generous enough to say 'we shall see what happens later on'. While the Government may be all right, the followers of the Government will have to face their electorate and explain to them why they supported the Government on this measure. How can they answer their electorate? While I agree with the principle of the Bill, I think it requires considerable improvement before it is made acceptable to all. In drafting and also in substance, the Bill requires improvement. Apart from the Government, I congratulate the Minister on bringing forward this Bill. The Government have started the question of levying an income-tax on agricultural income. I hope this tax will be extended further to all other income from agriculture and that the land tax will be abolished."

DR. A. LAKSHMANASWAMI MUDALIYAR:—"Sir, I crave your indulgence to make a representation on behalf of those sitting on this side of the House. Feelings have been running high in your absence and I am sure you will be the first to take cognisance of any representation that may be made. I am sure that you will see that justice is done to all. We have complete confidence in you. Therefore, I make this representation.

"My hon. Colleague Mr. Balasubramanya Ayyar has already referred to the fact that it has become more or less a custom here for the Government to seek to introduce Bills or to give notice of their intention to introduce Bills even before the other House has passed the Bills in question. It is well within your competence to direct that any motion can be set down in the list of business for any day even if there is no notice of the usual three days. We readily accept your authority. But we plead with you that when important Bills are passed in the other House late in the night, we have hardly any chance of preparing ourselves to contribute anything useful here the next day. Because, we are seriously handicapped for want of sufficient knowledge of what has taken place in the other House. I know that Hon. Ministers will say that the two Houses are now meeting at different hours and that hon. Members of this House are expected to be in the other House to listen to the debates there. What actually happens . . . (Interruption by Sri K. Bhashyam.) I am glad that the Hon. the Leader of the House has accepted our suggestion that the two Houses should meet at different hours of the day. When a Bill is presented to us, it does require some

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time to consider what the measure is, what are the amendments recommended, and whether support cannot be given to the Government in the light of the discussions that took place in the other House. I chanced to go through a copy of the report of the Select Committee on this Bill through the courtesy of the Secretary to the Council. As a matter of fact, this Bill, as passed by the Assembly, was presented to us this morning at 8 o'clock by a special messenger. The point that I wish to state is that the Select Committee on this Bill reported as far back as 30th November. The Government had enough time to introduce, at any stage, this important Bill between 30th November and now. Therefore, I appeal to you, Sir, that in such cases it should be possible for the Government to introduce it in such a manner that this House will have an effective voice in the debate, after discussion with the Members of the Assembly and after taking note of the amendments that have been moved. I would have even gone further to suggest that the practice in the House of Commons, namely, making available to Members the proceedings of the House of Commons within 24 hours of the meeting, be adopted here. That is the rule in the House of Commons. But here, on account of various factors, it is not possible. I do feel that some consideration may be given. After all, this is not an urgent Bill. This is not a Bill intended to supersede an Ordinance or anything like that. The ordinary time-limit, I beg to submit, may be given in future unless we feel otherwise. We have just received a notice as to what is to happen here to-morrow. The Madras Indebted Agriculturists (Repayment of Debts) Bill has been put in to-morrow's agenda for consideration by this House. It is stated in to-morrow's agenda that the Hon. Minister for Land Revenue will move that this Bill as passed by the Assembly may be taken into consideration. Supposing this Bill is not passed to-night by the Assembly, I wonder what would happen to the agenda already circulated to hon. Members of this House. After all, it may be said that only subject to the passing of the Bill by the Assembly, we can consider it here. But whatever it is, when the agenda for a particular day is sent to hon. Members, I think it must be on the basis that a particular item will be taken up for consideration. The time factor should also be taken into consideration. Sir, I do not want to elaborate it any further. I am sure you will be gracious enough to give due consideration to the views expressed by hon. Members sitting on this side of the House and will, in co-operation with the Government, see that we have a reasonable chance of contributing something which may be effective. So long as we are allowed to exist as a Council, it is but proper that we have a reasonable chance of contributing effectively to the debates that may take place here. We do not want to hamper the progress of any of the legislative programmes of the Government. But I do feel that if only they take into consideration the time factor also, it will enable them to introduce less number of legislative measures. I wish to touch upon this subject in my speech during the budget discussion. Many of the

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hopes have not come into fruition with reference to a number of Bills that have been passed. I have got four volumes with me and the fifth volume is also getting ready. I would like to quote many instances on this subject and I propose to do it when I speak on the Budget. That apart, the feelings of hon. Members of this House will be greatly assuaged if you will give us some assurance in this matter, Sir."

* THE HON. SRI M. BHAKTAVATSALAM :—" Mr. Chairman, I want the Hon. Leader of the Opposition and other hon. Members of this House to appreciate the circumstances under which we are anxious that the Indebted Agriculturists (Repayment of Debts) Bill should be passed into law before the end of this month. The Moratorium Act is there and its life has been extended up to the end of this month. Unless this Bill is passed into law before the end of this month, the purpose of this legislation will totally fail. Further, I may point out that at the time when this Bill was referred to a Joint Select Committee, the Bill was discussed thoroughly in this House. A Joint Select Committee was also constituted. It met for two days. Its report has also been submitted. Of course, we are anxious that the Bill must be passed into law before the end of this month. At the same time, we do not want to curtail the discussion in this House. We know that it may take even two days for the House to consider this Bill, one day for the first reading and the second day for the second and third readings. That is why we have adopted this procedure of anticipating the passing of the Bill in the Lower House and put it in to-morrow's agenda for the Council."

DR. V. K. JOHN :—" May I enquire when we have to send our amendments to the Bill that we are at present discussing, viz., the Plantations Agricultural Income-tax Bill? Usually three days' time is given for sending in our amendments. Unless some reasonable time is given, it will be very difficult for us to produce amendments at a moment's notice. I would like to have clarification on this point also, Sir."

MR. CHAIRMAN :—" I am glad about the discussion on this subject. Unless there is some special reason, I am sure time is always given to hon. Members to study the Bills and send in their amendments. The Hon. the Leader of the House has just now explained that the Government are anxious to get the Indebted Agriculturists (Repayment of Debts) Bill passed before the end of this month. That is the reason why that Bill has been placed in to-morrow's agenda. I may assure hon. Members that hereafter every consideration will be given to them so that they may have enough time to study the Bill, digest it and send in their amendments, if any, in proper time. I do agree that hon. Members have a reason to complain. At the same time the

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Government also have a reason and have explained it. In future I will see that as far as possible the programme is adjusted to the satisfaction of everyone concerned."

SRI MOHAMED RAZA KHAN :—" What about the Business Advisory Committee, Sir? May I know when it will start functioning? "

MR. CHAIRMAN :—" The Business Advisory Committee will start functioning as early as possible. But, I may inform the hon. Member that it is somewhat difficult to arrange the business of the Council as it can be seen now."

DR. V. K. JOHN :—" Sir, what about giving us some time to table amendments to the Plantations Agricultural Income-tax Bill? As I said, usually three days' time is given. It is very difficult for us to send in our amendments within a short time."

MR. CHAIRMAN :—" I think Dr. John will remember that amendments which were sent in within a shorter time were all considered."

DR. V. K. JOHN :—" I can understand it if it was an urgent Bill. It may be all right in the case of the Indebted Agriculturists (Repayment of Debts) Bill."

* THE HON. SRI M. BHAKTAVATSALAM :—" May I suggest a *via media*? The Indebted Agriculturists (Repayment of Debts) Bill may be considered to-morrow. We may conclude the first reading on the Plantations Agricultural Income-tax Bill to-day and take it up again day after to-morrow for the clause by clause consideration. Meanwhile, we may extend the time for receipt of amendments till to-morrow afternoon."

MR. CHAIRMAN :—" Does the Hon. the Leader of the House want that the Plantations Agricultural Income-tax Bill be taken up day after to-morrow? "

* THE HON. SRI M. BHAKTAVATSALAM :—" I suggest that we may sit till 5-30 to-day and finish off the general discussion on the Bill. We may take it up again day after to-morrow for further consideration."

MR. CHAIRMAN :—" Then, there will be enough time for hon. Members to send in their amendments."

DR. A. LAKSHMANASWAMI MUDALIYAR :—" In view of what the Hon. Leader of the House has said, I agree to the suggestion. As I said, it is not our object to obstruct any of the legislative measures that may be brought forward here. I only explained the real difficulty which we were experiencing in the matter. Now, we are thankful to you, Sir, for the assurance that you have given."

MR. CHAIRMAN :—" So, we sit till 5-30. Sri G. Krishna-moorthi may now speak."

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* SRI G. KRISHNAMOORTHY :—“ Mr. Chairman, I agree with many of the points and especially the last one, put forward by the hon. Member Sri K. Bhashyam with regard to this Bill. I would like the Hon. Minister who is piloting this Bill to tell us what steps the Government intend taking along with the Central Government to see that the prices of coffee and tea do not go up. Nobody can object to the principle underlying this Bill. Government always go in for new taxes in order to get revenue. The principle on which any taxation proposal is to be based is this. As far as possible, the Government should try to tax the very rich people, get the money realised by way of this tax and help the very poor and downtrodden. This principle has not been adopted so far as this Bill is concerned. The exemption limit given is very low. They have fixed 5 acres in the case of tea and 15 acres in the case of coffee, etc., for the purpose of exemption. This limit should be raised. When the Government have been so sympathetic towards big planters and have come forward to give up super tax, will it be too much for me to request them to extend the same sympathy towards the small planters also? The exemption limit may be raised to 15 acres in the case of tea and 60 acres in the case of coffee, etc.

“ Sir, the next point put forward by Sri K. Bhashyam is with regard to extension of this measure. It deserves careful consideration at the hands of the Government. There is a fear among agriculturists that this Bill will form the basis for a further Bill to extend agricultural income-tax in respect of all agricultural lands other than plantations also. Sir, we would like to have an assurance from the Government that this measure will not form the basis of a future enactment to extend it to other agricultural lands also. I wish to point out that plantations stand on quite a different footing from other agricultural lands such as paddy lands and so on. In the case of plantations after the first three or four years, we have a permanent crop living for thirty or forty years. In the case of wet and dry lands, we have to cultivate not only every year but possibly every season. So, it is not proper to have this measure as the basis of any future enactment to extend it to other agricultural lands.

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“ Sir, as the hon. Member, Mr. Bhashyam said if the Government think of extending this tax to the other branches of agriculture as well, they must give a guarantee that they will do away with land tax. It is now admitted on all lands that agricultural income-tax is based on a sound rationale that the agriculturist pays tax only if he gets income from his lands. It should not be imposed on the agriculturist over and above the land tax that is already paid by him. Therefore, the Government must give a guarantee that land tax will not be there if this Act is extended to the other sectors of agriculture also, since it will work great hardship on the agriculturists if both are there.

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“ If a person owning ten acres of wet lands is subjected to agricultural income-tax also under provisions similar to those contained in this Bill, then he may have to pay at nine pies in the rupee on the first taxable Rs. 1,500 about twenty-five rupees. This is in addition to the Rs. 200 he is already paying as land tax. This is a point which we should consider. The Government should never think of an agricultural income-tax in addition to the land tax.”

* SRI A. GAJAPATHY NAYAGAR :—“ Sir, I congratulate the Hon. the Minister for Land Revenue on taking courage in his hands to bring forward this Bill. I say this Bill is long overdue. We know how the plantations grew in our land. Some European landed on the Madras Coast. He applied to the Collector and got some thousands of acres of land on some hill. He got a lot of credit in the bank. So the plantations grew. Our kanganis came forward to recruit cheap labour for him. Thus, we see to-day, an acre of land under tea or coffee yields five hundred rupees and the yield is equal to that from the best nanja land in any deltaic area. I ask, what is the harm in taxing income from a land which yields nearly five hundred rupees? If there are difficulties in the matter of application of the provisions of the Act and if there are difficulties in collecting the tax properly, we shall seek remedies for them one by one as they arise. I find that in the Legislative Assembly, the Bill was passed without any Member opposing it. I hope we shall also pass it unanimously. But I am sorry that time was not allowed to us to go through the Bill in detail. In fact, all the facts that I know now of the Bill I could get only after coming here and listening to the speeches made by hon. Members on the Bill. Therefore some time must be given to us to understand the Bill so that we can suggest what improvements are needed. I see there has been very great hurry about this. All the same, we welcome the principle of the Bill, and if there are any difficulties, we will co-operate with the Government in removing them.”

SRI MOHAMED RAZA KHAN :—“ Sir, I want to say just a few words on the Bill, especially after hearing the speech of my colleague sitting to my left who has just now spoken. I could claim to know something about the plantation industry because I was myself once a planter. If the industry had been so good, my friend, Mr. Gajapathy Nayagar would not have turned an advocate but become a planter himself. (Laughter.) Things are not so easy. It requires much money, skill and labour and even with all these, it is just a matter of luck. One sees to-day that a planter is making money. But at what cost in the initial stages? He went to malaria-ridden places on hill tops and by dint of hard labour over ten or fifteen years, converted those places into fine plantations. Now he gets some money, no doubt. But that is a different matter,

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" We know, Sir, every time the Budget was presented and the Hon. the Finance Minister mentioned new measures of taxation to cover up deficits in the Budgets, hon. Members jumped up and said : ' Why do you have these measures of taxation which will kill the poor? Why not you tax the planters? ' Both Members of the Opposition and also those of the party in power joined together in making this demand. The Government of Madras have now acceded to the demand made by the Members of the Legislature. Now, Sir, as regards the principle underlying the Bill, there is something to be said in favour of the Bill itself. I think it would have been much better if the Hon. the Minister for Land Revenue had given us an idea of the receipts expected from this source. He has got his departmental people to work out figures. Of course, he cannot give correct figures. Approximate figures would have sufficed. I wish he had been in a position to give us an approximate estimate of receipts expected under this head.

" Then, Sir, the second point is this. I would like to know how far this Bill will help to develop the plantation industry in future. For the last three or four years, to my knowledge, there has been no incentive provided to the planters to bring under cultivation lands which are not under cultivation now. Whatever area was planted some three or four or five decades ago remains the same and nothing new has been added. I would like to know from the Hon. Minister categorically whether this Bill will create any incentive for them to develop the industry or it will retard its progress in future. I would also like to know how far it will affect our export trade. I may tell the House that in certain fields, our country, and particularly our State, cannot compete with others in the matter of exports. Let us take, for instance, rubber. The Hon. Minister will be aware that ten or fifteen years ago, just at the beginning of the war, a situation arose in the rubber industry when rubber planters could not even get back the cost of production. So, Sir, I would like to know how far this Bill will affect our export trade. These are some of the points on which we want detailed information so that we may properly assess the merits of the Bill and suggest amendments to the clauses at the appropriate time. I thank you, Sir, here for the extension of time you have allowed for giving notice of amendments.

" The next point is this. What is the check the Government have in regard to suppression of stocks? Are the Government to depend only on the returns submitted by the companies and individual owners of plantations? The very nature of business is such that receipts depend upon the stocks available for disposal. Suppose there is a suppression of stocks and they say only so much quantity of coffee, tea and rubber was sold. We must believe it. The only provision we have here is, if there is any doubt on the part of the Government, they will take the production in the neighbouring area for the purpose of calculating the

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production in the area concerned. I may tell the House this will not do any good to anyone. It always happens that the yield in a plantation varies from acre to acre. The yield is different. The age of the trees is different. The fertility of the soil varies.

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“ In conclusion, I may say as was said by the Leader of the Opposition that the Government of Madras should feel very happy because they have established a record in the matter of legislation and especially legislation in regard to taxation measures. There are a number of Bills coming up everyday with the result we are not able to concentrate on all and we do not know on which we could concentrate. The Hon. Finance Minister is not here. I should say that both the Hon. Finance Minister and the Hon. Revenue Minister ought to be congratulated on the record they have established particularly this year in the field of taxation. Everybody is looking to the Government of Madras for a lead. They look to Madras for guidance and help. Well, Madras has done the maximum possible. We have had the maximum of taxation measures particularly this year. Why I say this is because at least in future the Government might be a little careful and wait and carefully find out whether our people are in a position to bear any more taxation. If by all means our people are better off and could bear any additional taxation, then we will not grudge Government bringing in taxation measures, for after all ours is a Welfare State and in a Welfare State the money derived from taxation is spent on other welfare schemes for the benefit of the people. But we should know beforehand whether that taxation will retard our progress. Our taxation measures are increasing. I am afraid that the law of diminishing returns will set in and the Government will get less than what they propose to get by any taxation measure in future.”

* THE HON. SRI M. A. MANICKAVELU NAICKER :—

“ Mr. Chairman, I think with the solitary exception of the hon. Member representing teachers, all other hon. Members who took part in the debate are lawyers. That means one has to follow their speeches rather carefully and cautiously. *The Hon. Deputy Leader of the Opposition, as usual, made an elaborate survey of the whole subject and also the allied subjects and traversed many countries including America. He said that the principle of taxing the income was good and that he welcomed it. But finally he ended by saying that Government should wait for the report of the Taxation Enquiry Commission and that this period was not the opportune for pushing through the Bill. For theoretical purposes as the principle of taxing the income was good, he welcomed it. Then coming to the practical side of it, for various reasons best known only to himself, he said this was not the opportune time for passing this Bill. He wanted that this Bill should follow more closely the Indian Income-tax Act. We have tried to follow as far as we can the Indian Income-tax Act. But it does not mean that we should follow it in each and

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every detail. The scheme of this Bill is different from that of the Indian Income-tax Act. In the Indian Income-tax Act they levy what is called the 'corporation tax' and now the tendency is to raise it more and more so that that tax when collected may not be dealt with on the basis of a share being given to the States concerned. That is why the tendency is to encourage the corporation tax. He then referred to the question of 'refund'. The difficulty in giving refund was explained by Mr. Bhashyam. As was pointed out by Mr. Bhashyam, we cannot pursue the income when it leaves the hands of persons as dividends because that cannot be considered as agricultural income. So when a dividend is declared and it goes to the hands of an individual, we cannot treat it as agricultural income. We have to give it up. So in the Select Committee, it was decided not to levy the 'super tax'. Having given up the 'super-tax', we did not want to levy the 'super-tax' only on companies. We did not want to make any invidious distinction. Originally the highest rate was Re. 0-4-0, besides super-tax. Now super-tax is not there. We have made it a flat rate of Re. 0-5-6 in the rupee, as we cannot pursue the income when it changes as dividend. The Hon. Deputy Leader of the Opposition also said that all that he said was not for the present but only for our future conduct. So in that light I think he does not insist that everything he said to-day should be taken very seriously just now and translated into action but only to bear that in mind in future. That is what Mr. Bhashyam also said. Government will bear all the valuable suggestions offered and whenever they come here with further proposals of taxation or when they bring in any other Bill, they will keep all those suggestions in mind.

"It was asked as to why we should hurry like this and as to why we could not have waited for the report of the Taxation Enquiry Commission. No doubt one could have waited for that report. But one thing was clear, viz., whatever report it may make, we had an inkling that the Taxation Enquiry Commission was not disinclined to this taxation. So we have proceeded forthwith.

"It was said that no provision was made for replanting and other purposes. Clause 5 enumerates a number of categories for which provision has been made and one category is as regards replanting. Ample provision is made for insurance payment, bonus, capital depreciation and so many other things. In fact great objection was taken in the other House that we have made too much allowance for these things and that we have walked into the parlour of the planters.

"As regards exemption, some hon. Members had asked as to why further exemption need not be granted. If I now give an idea as to how the present exemption will work, I think all hon. Members will be satisfied that what we have now provided for is more than sufficient. Out of a total of 18,960 persons who

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are assesseees (or planters, whatever it is), 17,410 are now exempted. They go scot free. Nine hundred and twenty-seven persons only come under the compounding clause and need not keep any accounts to check. Only 623 persons are subject to this taxation. Therefore the present exemption has been very liberal. A very large number of people have been exempted. I do not see any reason for further exemption being given in that respect.

“As regards profit that is made from plantations, I may also give some figures, which will make hon. Members look up. I have got figures of certain companies. The dividend that has been declared ranges from 5 per cent or 6 per cent to 17½ per cent and 22½ per cent. The amount that is earmarked for reserve fund is in one case Rs. 1 lakh, in another case Rs. 1½ lakhs and in one case Rs. 4 lakhs. So it is clear that the industry or plantation business is making good profit. No doubt now and then there was depression and the industry was in a bad way. But recently it has retrieved, and even the people concerned have almost agreed with the provisions that we have made. One hon. Member wanted to know what the income was likely to be from this taxation measure. I cannot give any accurate figure now, but from what I say he can draw his own inference. In the beginning we thought we might get Rs. 15 lakhs or Rs. 20 lakhs out of this. But now we find that we may get about Rs. 75 lakhs. When I look at this great disparity, I think it is better that I do not say anything definite now. Let him draw his own inference. It will be a handsome figure; that too after so leniently dealing with the industry. I have taken great care to see that the goose that lays the golden egg is not killed. We do not want to kill this industry.

“One hon. Member said that the industry was suffering from keen competition. That is true not only in our country but all over the world, e.g., Malaya, America, Africa, and other countries think that this a gold mine and want to take to this industry. We must be so very cautious in this matter. If we are too hard and rigid, we will be driving out this trade to some other country. That will not be in the interests of our country. We must be very careful and proceed cautiously. That is why, Sir, even though some hon. Members in the other House were very anxious to raise the rate of tax by means of amendments to the Bill, the Government were not anxious to accept them. Those amendments were moved with some other object. So we said ‘We do not want to kill the industry’ and that we would not accept the amendments. I realize, Sir, there are certain defects and drawbacks in drafting. Because all are very well trained lawyers in this House they are able to see the defects. As far as possible, we shall try to remove the defects. Even if it is not possible to remove them at this stage at one sitting, if essential, no one prevents us from bringing forward the necessary legislation to remove them. There is no difficulty about that now.”

5.30
p.m.

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“ I hope this House will pass the motion, Sir.”

MR. CHAIRMAN :—“ The question is—

‘ That the Madras Plantations Agricultural Income-tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly, be taken into consideration.’ ”

The motion was carried.

MR. CHAIRMAN :—“ I now adjourn the House to meet again at 3 p.m. to-morrow.”

The House then adjourned.



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APPENDIX.

[Vide item III on page 11 supra.]

L.A. BILL No. 30 OF 1954.

(As passed by the Assembly.)

A Bill to provide for the levy of a tax on agricultural income from plantations in the State of Madras.

WHEREAS it is expedient to provide for the levy of a tax on agricultural income from plantations in the State of Madras;

BE it enacted in the Sixth Year of the Republic of India as follows:—

CHAPTER I.

PRELIMINARY.

1. Short title and extent.—(1) This Act may be called the Madras Plantations Agricultural Income-tax Act, 1955.

(2) It extends to the whole of the State of Madras.

2. Definitions.—In this Act, unless the context otherwise requires—

(a) “agricultural income” means—

(1) any rent or revenue derived from a plantation;

(2) any income derived from such plantation in the State

by—

(i) agriculture, or

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in sub-clause (ii);

Explanation I.—Agricultural income derived from such plantation by the cultivation of tea means that portion of the income derived from the cultivation, manufacture and sale of tea as is defined to be agricultural income for the purposes of the enactments relating to Indian Income-tax;

Explanation II.—Agricultural income derived from such plantation by the cultivation of coffee, rubber, cinchona or cardamom means that portion of the income derived from the cultivation, manufacture and sale of coffee, rubber, cinchona or cardamom, as the case may be, as may be defined to be agricultural income for the purposes of the enactments relating to Indian Income-tax.

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(3) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such plantation or occupied by the cultivator or the receiver of rent-in-kind of any plantation with respect to which or the produce of which any operation mentioned in sub-clauses (ii) and (iii) of clause (2) is carried on :

Provided that the building is on or in the immediate vicinity of the plantation, and is a building which the receiver of the rent or revenue or the cultivator or the receiver of the rent-in-kind, by reason of his connexion with the plantation, requires as a dwelling-house or as a store-house or other out-building;

(b) " agricultural income-tax " means the tax payable under this Act;

(c) " Agricultural Income-tax Officer " means a person appointed to be an Agricultural Income-tax Officer under section 14;

(d) " Aliyasantana family or branch " means a family or branch governed by the Madras Aliyasantana Act, 1949 (Madras Act IX of 1949);

(e) " assessee " means a person by whom agricultural income-tax or any other sum of money is payable under this Act and includes every person in respect of whom any proceeding under this Act has been taken for the assessment of his agricultural income or of the loss sustained by him or of the amount of refund due to him;

(f) " Assistant Commissioner " means the person appointed as Assistant Commissioner of Agricultural Income-tax under section 14;

(g) " Collector " means the Collector or other officer in charge of a district;

(h) " Commissioner " means the person appointed to be the Commissioner of Agricultural Income-tax under section 14;

(i) " Company " means a company as defined in the Indian Companies Act, 1913 (Central Act VII of 1913), or formed in pursuance of an Act of Parliament of the United Kingdom or of Royal Charter or Letters Patent or by an Act of the Legislature of a British possession and includes any foreign association, whether incorporated or not, which the Government may, by general or special order, declare to be a company for the purposes of this Act;

(j) " dividend " includes—

(i) any distribution by a company of accumulated profits, whether capitalized or not, if such distribution entails the release by the company to its share-holders of all or any of the assets of the company;

(ii) any distribution by a company of debentures or debenture stock, to the extent to which the company possesses accumulated profits whether capitalized or not;

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(iii) any distribution made to the shareholders of a company out of accumulated profits of the company on the liquidation of the company :

Provided that only the accumulated profits so distributed which arose during the six previous years of the company preceding the date of liquidation shall be so included; and

(iv) any distribution by a company on the reduction of its capital to the extent to which the company possesses accumulated profits whether such accumulated profits have been capitalized or not;

Provided that "dividend" does not include a distribution in respect of any share issued for full cash consideration which is not entitled in the event of liquidation to participate in the surplus assets, when such distribution is made in accordance with sub-clause (iii) or (iv);

Explanation.—The words "accumulated profits" wherever they occur in this clause shall not include "capital profit";

(k) "financial year" means the year beginning on the 1st April and ending on the 31st March next following;

(l) "firm", "partner" and "partnership" have the same meanings respectively as in the Indian Partnership Act, 1932 (Central Act IX of 1932), but the expression "partner" shall also include any person who being a minor has been admitted to the benefits of partnership;

(m) "Government" means the State Government;

(n) "Hindu undivided family" includes a family governed by the Madras Nambudri Act, 1932 (Madras Act XXI of 1933);

(o) "landlord" means any individual who receives rent for plantation either in cash or kind from a tenant;

(p) "Marumakkattayam tarwad or tavazhi" means a tarwad or tavazhi governed by the Madras Marumakkattayam Act, 1932 (Madras Act XXII of 1933), or the Mappilla Marumakkattayam Act, 1938 (Madras Act XVII of 1939); and in the case of a tavazhi possessing separate properties the provisions of this Act shall apply as if the tavazhi were a tarwad;

(q) "person" means any individual or association of individuals, owning or holding property for himself or for any other, or partly for his own benefit and partly for another, either as owner, trustee, receiver, common manager, administrator or executor or in any capacity recognized by law, and includes an undivided Hindu Mitakshara family, an Aliyasanthana family or branch, a Marumakkattayam tarwad or a tavazhi possessing separate properties, or a Nambudiri or other family to which the rule of impartibility applies, a firm or a company, an association of individuals, whether incorporated or not, and any institution capable of holding property;

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(r) "plantation" means any land used for growing all or any of the following, namely, tea, coffee, rubber, cinchona or cardamom;

(s) "prescribed" means prescribed by rules made under this Act;

(t) "previous year" means—

(i) the twelve months ending on the 31st day of March next preceding the year for which the assessment is to be made or, if the accounts of the assessee have been made up to a date within the said twelve months in respect of any year ending on any date other than the said 31st day of March, then, at the option of the assessee, the year ending on the day to which his accounts have so been made up:

Provided that, if the option has once been exercised by an assessee, he shall not exercise it again so as to vary the meaning of the expression "previous year" as then applicable to him except with the consent of the Agricultural Income-tax Officer and upon such conditions as he may think fit; or

(ii) such period as may be determined by the Commissioner in the particular case of any person or class of persons;

(u) "principal officer" used with reference to any company or association means—

(i) the Secretary, Treasurer, Manager or Agent of the company or association, or

(ii) any person connected with the company or association upon whom the Agricultural Income-tax Officer has served a notice of his intention of treating him as principal officer thereof;

(v) "registered firm" means a firm registered under the provisions of section 27;

(w) "State" means the State of Madras;

(x) "total agricultural income" means the aggregate of all agricultural income mentioned in section 4 computed in accordance with the provisions of section 5 and includes all income of the description specified in section 9 and all the receipts of the description specified in section 10.

CHAPTER II.

CHARGE OF AGRICULTURAL INCOME-TAX.

3. *Charge of agricultural income-tax.*—(1) Agricultural income-tax at the rate or rates specified in Part I of the Schedule to this Act shall be charged for each financial year commencing from the 1st April 1955 in accordance with and subject to the provisions of this Act, on the total agricultural income of the previous year of every person.

(2) Where there is included in the total agricultural income of an assessee any income exempted from agricultural income-tax

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by or under the provisions of this Act, the agricultural income-tax payable by the assessee shall be an amount bearing to the total amount of the agricultural income-tax which would have been payable on the total agricultural income had no part of it been exempted, the same proportion as the un-exempted portion of the total agricultural income bears to the total agricultural income.

(3) In the case of persons holding property as tenants-in-common and deriving agricultural income, the tax shall be assessed at the rate applicable to the agricultural income of each tenant-in-common.

4. Total agricultural income.—Subject to the provisions of this Act, the total agricultural income of any previous year of any person comprises all agricultural income derived from a plantation situated within the State and received by him within or without the State, but does not include—

(a) any agricultural income derived from a plantation situated without the State;

(b) any agricultural income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied thereto.

Explanation.—In this section, “charitable purpose” includes relief of the poor, education, medical relief and the advancement of any other object of general public utility.

5. Computation of agricultural income.—The agricultural income of a person shall be computed after making the following deductions, namely,—

(a) any sums paid in the previous year on account of land revenue due to the Government, local rates and cesses and municipal taxes in respect of plantations;

(b) any rent paid in the previous year to the landlord or superior landlord, as the case may be, in respect of the plantation from which the agricultural income is derived;

(c) any expenses incurred in the previous year on the maintenance of any protective work constructed for the benefit of the plantation from which the agricultural income is derived;

Explanation.—“Maintenance” includes current repairs and includes also, in the case of protective dykes and embankments, all such work as may be necessary from year to year for repairing any damage or destruction caused by flood or other natural causes;

(d) any expenses incurred in the previous year on maintenance and repairs in respect of any capital asset which was purchased or constructed for the benefit of the plantation from which the agricultural income is derived;

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(e) any expenditure incurred in the previous year (not being in the nature of capital expenditure on personal expenses of the assessee) laid out or expended wholly and exclusively for the purpose of the plantation;

(f) in respect of depreciation of buildings, machinery, plant and furniture which are the property of the assessee and are required for the purpose of deriving the agricultural income, a sum equivalent to such percentage on the written-down value thereof as may in any case or class of cases be prescribed, and where the buildings have been newly erected or the machinery or plant newly installed, a further sum subject to such conditions as may be prescribed :

Provided that the prescribed particulars have been duly furnished :

Provided further that the aggregate of all such allowances made under this Act shall in no case exceed the original cost to the assessee of the buildings, machinery, plant or furniture, as the case may be;

Explanation.—In this clause, “ buildings ” include all structures constructed with a view to provide amenities to workers [as defined in the Plantations Labour Act, 1951 (Central Act LXIX of 1951)], employed on the plantations.

(g) expenses other than capital expenditure incurred in the previous year of cultivating the crop from which the agricultural income is derived and of transporting such crop to market, including the maintenance of agricultural implements and cattle required for such cultivation and transport or both;

Provided that in any particular year the total replanting expenditure shall not exceed the amount necessary for replanting $2\frac{1}{2}$ per cent of the acreage if the crop is rubber or coffee, $1\frac{2}{3}$ per cent if the crop is tea and $8\frac{1}{3}$ per cent if the crop is cardamom, and 10 per cent if the crop is cinchona;

(h) any tax, cess or rate paid on the cultivation or sale of the crop from which such agricultural income is derived;

(i) cost incurred in the previous year in the purchase or replacement of cattle or implements, which are necessary for cultivation, to such extent as may be prescribed, less the amount realized by sale of the cattle or implements replaced or their estimated value;

(j) any sum paid in the previous year in order to effect an insurance against loss or damage of crops or property from which the agricultural income is derived or insurance against loss or damage in respect of building, machinery, plant and furniture necessary for the purpose of deriving the agricultural income :

Provided that any amount received in respect of such insurance in any year shall be deemed to be agricultural income for the purposes of this Act, and shall be liable to agricultural income-tax

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after deducting the portion thereof, if any, which has been assessed to income-tax under the Indian Income-tax Act, 1922 (Central Act XI of 1922);

(k) any interest paid in the previous year on any amount borrowed and actually spent on the plantation from which the agricultural income is derived :

Provided that the need for borrowing was genuine having due regard to the assets of the assessee at the time :

Provided further that the interest allowed under this clause shall be limited to six per cent on an amount equivalent to twenty-five per cent of the agricultural income from the plantation in that year;

(l) any sum paid to a worker as defined in the Plantations Labour Act, 1951 (Central Act LXIX of 1951), as bonus for services rendered where such sum would not have been payable to him as profits or dividend if it had not been paid as bonus :

Provided that the bonus is of a reasonable amount with reference to—

(i) the wages and conditions of service of such worker;

(ii) the income from the plantation in the year in question; and

(iii) the general practice in plantations :

Provided that no deduction shall be made under this section if it has already been made in the assessment under the Indian Income-tax Act, 1922 (Central Act XI of 1922), or is allowable in assessing a person to tax under that Act.

Explanation.—For the purpose of this section ‘paid’ means actually paid or incurred according to the method of accounting upon the basis of which agricultural income is computed under this section; ‘plant’ includes vehicles and scientific apparatus purchased for the purpose of deriving the agricultural income; and ‘written down value’ means—

(i) in the case of assets acquired in the previous year, the actual cost to the assessee; and

(ii) in the case of assets acquired before the previous year, the actual cost to the assessee less such sum as may be prescribed.

6. Assessment of income derived from plantations partly within the State and partly without.—Where agricultural income is derived from plantations situated partly within the State and partly without the State, agricultural income-tax shall be levied under this Act—

(i) where the portion of such income attributable to the plantations situated within the State can be determined from the accounts maintained by the assessee, on the portion so determined;

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(ii) where the portion of the income so attributable cannot be determined by the method specified in clause (i), on such portion as may be determined in the prescribed manner.

7. *Method of accounting.*—Agricultural income shall be computed for the purpose of sections 5 and 6 in accordance with the method of accounting regularly employed by the assessee :

Provided that, if no method of accounting has been regularly employed by the assessee, or if the method employed is such that, in the opinion of the Agricultural Income-tax Officer, the agricultural income cannot properly be deduced therefrom, then the computation shall be made upon such basis and in such manner as may be prescribed.

8. *Liability of Court of Wards, Administrator-General, etc.*—
(1) (a) In the case of agricultural income taxable under this Act which the Court of Wards, Administrator-General or Official Trustee or any receiver, administrator, executor, trustee, guardian or manager appointed by or under any law or by an order of court or by written agreement is entitled to receive on behalf of any person, the tax shall be levied upon and recoverable from the Court of Wards, Administrator-General, Official Trustee or from such receiver, administrator, executor, trustee, guardian or manager, as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from the person on whose behalf such agricultural income is receivable, and all the provisions of this Act shall apply accordingly.

(b) Where the agricultural income received on behalf of any person by the Court of Wards, Administrator-General, Official Trustee, receiver, administrator, executor, trustee, guardian or manager referred to in clause (a) is part only of the total agricultural income of such person, the agricultural income-tax payable under this Act shall be assessed on the total agricultural income of such person and the amount of tax so assessed shall be levied upon and recoverable from the Court of Wards, Administrator-General, Official Trustee, receiver, administrator, executor, trustee, guardian or manager, as the case may be, and from such person rateably according to the portion of the total agricultural income of such person received by the Court of Wards, Administrator-General, Official Trustee, receiver, administrator, executor, trustee, guardian or manager, as the case may be, and the portion received by such person.

(c) Nothing contained in this sub-section shall prevent either the direct assessment of the person on whose behalf the agricultural income is receivable or the recovery from such person of the tax payable in respect of such income.

(2) (a) Save as provided in sub-section (1), if a person holds plantations from which agricultural income is derived partly for his own benefit and partly for the benefit of others or wholly for the benefit of others, agricultural income-tax shall be assessed on the

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total agricultural income derived from such plantations at the rate which would be applicable if such person had held the plantations exclusively for his own benefit.

(b) Any person holding such plantations shall be entitled, before paying to any beneficiary the amount of agricultural income which such beneficiary is entitled to receive, to deduct the amount of agricultural income-tax at the rate at which such income is or will be assessed under clause (a).

Explanation.—In this section “beneficiary” means a person entitled to the whole or any portion of the income derived from the plantation.

9. Income from settlement disposition, etc.—(1) In computing the total agricultural income of an assessee, all agricultural income arising to any person by virtue of a settlement or disposition, whether revocable or not, and whether effected before or after the commencement of this Act, from assets remaining the property of the settlor or disposer shall be deemed to be the agricultural income of the settlor or disposer, and all agricultural income arising to any person by virtue of a revocable transfer of assets shall be deemed to be the agricultural income of the transferor :

Provided that, for the purposes of this sub-section, a settlement, disposition or transfer shall be deemed to be revocable if it contains any provision for the re-transfer directly or indirectly of the agricultural income or assets to the settlor, disposer or transferor or in anyway gives the settlor, disposer or transferor a right to re-assume power directly or indirectly over the agricultural income or assets :

Provided further that the expression “settlement or disposition” shall, for the purposes of this sub-section, include any disposition, trust, covenant, agreement or arrangement and the expression “settlor or disposer” in relation to a settlement or disposition shall include any person by whom the settlement or disposition was made :

Provided also that this sub-section shall not apply to any agricultural income arising to any person by virtue of a settlement or disposition which is not revocable for a period exceeding six years or during the lifetime of the person and from which agricultural income the settlor or disposer derives no direct or indirect benefit but that the settlor shall be liable to be assessed on the said agricultural income as and when the power to revoke arises to him.

(2) In computing the total agricultural income of any individual for the purpose of assessment, there shall be included—

(a) so much of the agricultural income of a wife or minor child of such individual as arises directly or indirectly—

(i) from the membership of the wife in a firm of which her husband is a partner;

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(ii) from the admission of the minor to the benefits of partnership in a firm of which such individual is a partner;

(iii) from assets transferred directly or indirectly to the wife by the husband otherwise than for adequate consideration or in connection with an agreement to live apart; or

(iv) from assets transferred directly or indirectly to the minor child not being a married daughter by such individual otherwise than for adequate consideration; and

(b) so much of the agricultural income of any person or association of persons as arises from assets transferred otherwise than for adequate consideration to the person or association by such individual for the benefit of his wife or minor child or both.

10. Exemption from assessment of income-tax.—Agricultural income-tax shall not be payable on that part of the total agricultural income of a person which is—

(a) any sum which he receives out of the agricultural income of a Hindu undivided family, an Aliyasanthana family or branch or a Marumakkattayam tarwad or tavazhi, if he receives such sum as a member of the family or tarwad or tavazhi and tax under this Act has been levied on the agricultural income;

(b) any dividend which he receives as a shareholder out of the agricultural income of a company;

(c) any sum which he receives as his share out of the agricultural income of a firm or association of persons, if the tax under this Act has been levied on the agricultural income of such firm or association;

(d) any sum which he receives out of the agricultural income in respect of which tax under this Act has already been levied under section 9.

11. Non-residents.—(1) A person who is residing outside the State and who is in receipt of agricultural income from a plantation in the State shall be liable to pay tax on such income; if the non-resident person has an agent in the State, such person and the agent shall be jointly and severally liable for the tax. The assessment may be made either in the name of the non-resident person or his agent or both; and where the assessment is made in the name of the agent, such agent shall be deemed to be, for the purposes of this Act, the assessee in respect of such tax.

(2) Any person employed by or on behalf of a person residing out of the State or through whom the non-resident person is in receipt of any agricultural income, upon whom the agricultural Income-Tax Officer has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall, for the purposes of this Act, be deemed to be such agent :

Provided that no person shall be deemed to be the agent of a non-resident person unless he has had an opportunity of being heard by the Agricultural Income-tax Officer as to his liability.

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(3) Where a notice under this Act has to be served on a non-resident person it shall be served in the prescribed manner.

12. Carrying forward of loss.—Where any person sustains a loss in agricultural income in any year, the loss shall be carried forward to the following year and set off against the agricultural income for that year and if it cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following year and so on; but no loss shall be carried forward for more than six years :

Provided that, in the case of loss sustained before the commencement of this Act, this section shall apply only to such loss as was sustained in the previous year immediately before such commencement.

13. Supply of information regarding dividends.—The principal officer of every company shall, on or before the 15th day of June in each year, furnish to the prescribed officer a return in the prescribed form and verified in the prescribed manner of the names and of the addresses, as entered in the register of shareholders maintained by the company, of the shareholders to whom a dividend or aggregate dividends exceeding such amount as may be prescribed in this behalf has or have been distributed during the preceding year and of the amount so distributed to each such shareholder.

CHAPTER III.

INCOME-TAX AUTHORITIES.

14. Income-tax authorities.—(1) There shall be the following classes of income-tax authorities for the purposes of this Act, namely :—

- (a) The Board of Revenue;
- (b) The Commissioner of Agricultural Income-tax;
- (c) Assistant Commissioners of Agricultural Income-tax;
- (d) Agricultural Income-tax Officers;

(2) (a) The authorities specified in clauses (b) to (d) of sub-section (1) shall be appointed by the Government.

(b) The authorities specified in sub-section (1) shall exercise and perform in such areas, such powers and duties as the Government may, by notification in the *Fort St. George Gazette*, determine.

(3) The Government may, by notification in the *Fort St. George Gazette*, empower any other officers than the authorities specified in sub-section (1) to exercise such powers and perform such functions and duties under this Act in respect of such classes of persons or classes of income and in such areas, as may be specified in the notification.

(4) The authorities specified in sub-section (1) and the officers specified in sub-section (3) shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (Central Act XLV of 1860).

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(5) All officers and persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board of Revenue :

Provided that no such order, instruction or direction shall be given so as to interfere with the discretion of any appellate authority in the exercise of its appellate functions.

CHAPTER IV.

APPELLATE TRIBUNAL.

15. The Appellate Tribunal.—(1) The Government shall from time to time appoint, as and when may be necessary, an Appellate Tribunal consisting of one but not more than three members :

Provided that the member, or as the case may be, at least one member, of the Tribunal, shall be a Judicial Officer not below the rank of District Judge, or an advocate of not less than ten years' standing.

(2) Where the Appellate Tribunal consists of more than one member, the judicial officer shall be its Chairman.

(3) Where the Appellate Tribunal consists of three members, the following provisions shall apply :—

(a) The functions of the Appellate Tribunal may be exercised by a Bench consisting of all the members of the Tribunal or by a Bench consisting of two members constituted by the Chairman or, in the event of the office of a member other than the Chairman being vacant, by a Bench consisting of the Chairman and the other member :

Provided that, if any case which comes before a Bench (of which the Chairman is not a member) involves a question of law, the Bench may, in its discretion, reserve such case for decision by a Bench to be constituted under this clause of which the Chairman shall be a member.

(b) Where an appeal is heard by all the three members of the Tribunal, and the members differ in opinion on any point, the point shall be decided in accordance with the opinion of the majority.

(c) Where an appeal is heard by a Bench consisting of two members, and the members are divided in their opinion on any point, the point shall be found against the appellant and the members shall, after delivering their separate opinions, pronounce a joint judgment announcing the result of the findings, if any, on which they are agreed and of the findings recorded against the appellant on points on which they are divided.

(4) Subject to the provisions of this Act, the Appellate Tribunal shall have power to determine the times and places of its sittings and to regulate its own procedure and the procedure in all matters arising out of the discharge of its functions.

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CHAPTER V.

RETURN OF INCOME, ASSESSMENT, ETC.

16. Return of income.—(1) Every person whose total agricultural income during the previous year exceeded the maximum amount which is not chargeable to agricultural income-tax shall furnish to the Agricultural Income-tax Officer so as to reach him before the 1st June every year a return in the prescribed form and verified in the prescribed manner, setting forth his total agricultural income during the previous year.

(2) In the case of any person whose total agricultural income is, in the opinion of the Agricultural Income-tax Officer, of such amount as to render such person liable to payment of agricultural income-tax in any financial year, he may serve in that year a notice in the prescribed form requiring such person to furnish within such period not being less than thirty days as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total agricultural income during the previous year.

(3) If any person has not furnished a return within the time allowed by or under sub-section (1) of sub-section (2) or, having furnished a return under any of those sub-sections discovers any omission or wrong statement therein, he may furnish a return or a revised return, as the case may be, at any time before the assessment is made.

(4) The Agricultural Income-tax Officer may serve on any person who has made a return under sub-section (1) or upon whom a notice has been served under sub-section (2), a notice requiring him, on a date to be therein specified, to produce or cause to be produced, such accounts or documents as such officer may require, or to furnish in writing and verified in the prescribed manner information in such form and on such points or matters (including with the previous approval of the Commissioner a statement of all assets and liabilities not included in the accounts) as such officer may require for the purposes of this section :

Provided that such officer shall not require the production of any accounts relating to a period more than three years prior to the previous year.

17. Assessment of income.—(1) If the Agricultural Income-tax Officer is satisfied that a return made under section 16 is correct and complete, he shall, by order in writing, assess the total agricultural income of the assessee and determine the sum payable by him on the basis of such return.

(2) If the Agricultural Income-tax Officer is not satisfied without requiring the presence of the person who made the return or the production of evidence that the return is correct and complete, he shall serve on the person who made the return a notice

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requiring him on the date specified therein, either to attend the office of the Agricultural Income-tax Officer or to produce or to cause to be produced, any evidence on which such person may rely in support of the return.

(3) On the day specified in the notice under sub-section (2) or as soon afterwards as may be, the Agricultural Income-tax Officer, after considering such evidence as such person may produce and such other evidence as that officer may require on specified points, assess the total agricultural income of the assessee and determine the sum payable by him on the basis of such assessment.

(4) If any person fails to make a return under sub-section (2) of section 16, or fails to comply with all the terms of a notice issued under sub-section (4) of that section or under sub-section (2) of this section, the Agricultural Income-tax Officer shall make the assessment to the best of his judgment and determine the sum payable by the assessee on the basis of such assessment, and, in the case of a firm, may refuse to register it or may cancel its registration, if it is already registered :

Provided that the registration of a firm shall not be cancelled until fourteen days have elapsed from the issue of a notice by the Agricultural Income-tax Officer to the firm intimating his intention to cancel its registration.

(5) Notwithstanding anything contained in the foregoing sub-sections, when the assessee is a firm and the total income of the firm has been assessed under sub-section (1), sub-section (3) or sub-section (4), as the case may be—

(a) in the case of a registered firm, the sum payable by the firm itself shall not be determined but the total income of each partner of the firm, including therein his share of its income, profits and gains of the previous year, shall be assessed, and the sum payable by him on the basis of such assessment shall be determined :

Provided that, if such share of any partner is a loss, it shall be set off against his other income or carried forward and set off in accordance with the provisions of section 12 :

Provided further that, when any of such partners is a person not resident in the State, his share of the income, profits and gains of the firm shall be assessed on the firm at the rates which would be applicable if it were assessed on him personally, and the sum so determined as payable shall be paid by the firm ; and

(b) in the case of an unregistered firm, the Agricultural Income-tax Officer may, instead of determining the sum payable by the firm itself, proceed in the manner laid down in clause (a) as applicable to a registered firm, if, in his opinion, the aggregate amount of the tax payable by the partners under such procedure

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would be greater than the aggregate amount which would be payable by the firm and the partners individually if the firm were assessed as an unregistered firm.

(6) When in the course of the assessment of the total agricultural income of the assessee it is found that a loss has been sustained which he is entitled to have set off under section 12, the Agricultural Income-tax Officer shall notify to the assessee by order in writing the amount of the loss as computed by him.

18. Power to make provisional assessment in advance of regular assessment.—(1) The Agricultural Income-tax Officer may, at any time after the receipt of a return made under section 16, proceed to make in a summary manner, a provisional assessment of the tax payable by the assessee, on the basis of his return and the accounts and documents, if any, accompanying it, after giving due effect to the allowance referred to in section 12.

(2) A partner of a firm may be provisionally assessed under sub-section (1) in respect of his share in the firm's income, profits and gains, if its return has been received although the return of the partner himself may not have been received.

(3) A firm may be provisionally assessed under sub-section (1) as if it were an unregistered firm, unless the firm fulfils such conditions as the Government may, by notification in the *Fort St. George Gazette*, specify in that behalf.

(4) There shall be no right of appeal against a provisional assessment made under sub-section (1).

(5) For the avoidance of doubt, it is hereby declared that the provisions of sections 40 and 41 apply in relation to any tax payable in pursuance of a provisional assessment made under sub-section (1) as if it were a regular assessment made under section 17.

(6) After a regular assessment has been made under section 17, any amount paid towards a provisional assessment made under sub-section (1) shall be deemed to have been paid towards the regular assessment; and where the amount paid towards the provisional assessment exceeds the amount payable under the regular assessment, the excess shall be refunded to the assessee.

(7) Nothing done or suffered by reason or in consequence of any provisional assessment made under this section shall prejudice the determination of the merits, of any issue which may arise in the course of the regular assessment under section 17.

19. Cancellation of assessment in certain cases.—Where an assessee, within one month from the service of a notice of demand issued as hereinafter provided, satisfies the Agricultural Income-tax Officer that he was prevented by sufficient cause from making the return required by section 16 or that he did not receive the notice issued under sub-section (2) or sub-section (4) of that section or sub-section (2) of section 17 or that he had not a reasonable

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opportunity to comply, or was prevented by sufficient cause from complying, with the terms of any such notice, the Agricultural Income-tax Officer shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions of section 17.

20. Penalty for concealment of income.—(1) If the Agricultural Income-tax Officer, the Assistant Commissioner, the Commissioner or the Appellate Tribunal is satisfied that any person—

(a) has, without reasonable cause, failed to furnish the return of his total agricultural income which he was required to furnish under sub-section (1) or sub-section (2) of section 16, or

(b) has, without reasonable cause, failed to furnish such return within the time allowed and in the manner required by sub-section (1) of section 16 or by a notice served under sub-section (2) of that section, or

(c) has concealed the particulars of his agricultural income or has deliberately furnished inaccurate particulars of such income, he or it may direct that such person shall pay by way of penalty, in addition to the amount of agricultural income-tax, if any, payable by him, a sum not exceeding that amount :

Provided that—

(a) no penalty shall be imposed under this sub-section upon a person who has failed to furnish a return under sub-section (1) of section 16, if he proves that he has no income liable to tax ;

(b) where a person has failed to comply with a notice under sub-section (2) of section 16 and proves that he has no income liable to tax, the penalty imposable under this sub-section shall not exceed twenty-five rupees ;

(c) no penalty shall be imposed under this sub-section upon any person assessable as the agent of any person not resident in the State for failure to furnish the return required under section 16 unless a notice under sub-section (2) thereof or under section 35 has been served on him ;

(d) when the person liable to penalty is a registered firm, or an unregistered firm treated under section 17 (5) (b) as a registered firm, so that the amount of the agricultural income-tax payable by the firm itself has not been determined, that amount shall be taken to be an amount equal to the tax which would have been payable by an unregistered firm on an income equal to the firm's total agricultural income, and in the cases referred to in clauses (b) and (c), the amount of the agricultural income-tax which would have been avoided if the income as returned had been accepted as the correct income, shall be taken to be the difference between the amount of this tax which would have been payable by an unregistered firm on an income equal to the firm's total agricultural income and the amount of the tax payable by an unregistered firm on income equal to the income of the firm as actually returned by the firm.

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(2) If the Agricultural Income-tax Officer, the Assistant Commissioner, the Commissioner or the Appellate Tribunal in the course of any proceedings under this Act, is satisfied that the profits of a registered firm have been distributed otherwise than in accordance with the shares of the partners as shown in the instrument of the partnership registered under this Act governing such distribution, and that any partner has thereby returned his income below its real amount, he or it may direct that such partner shall in addition to the agricultural income-tax payable by him pay by way of penalty a sum not exceeding the amount of agricultural income-tax which has been avoided, or would have been avoided if the income returned by such partner had been accepted as his correct income; and no refund or other adjustment shall be claimable by any other partner by reason of such direction.

(3) No order under sub-section (1) or sub-section (2) shall be made unless the assessee has been heard or has been given a reasonable opportunity of being heard.

(4) No prosecution for an offence against this Act shall be instituted in respect of the same facts on which a penalty has been imposed under sub-section (1).

(5) The Appellate Tribunal, the Commissioner or the Assistant Commissioner shall, on making an order under sub-section (1), send forthwith a copy of the same to the Agricultural Income-tax Officer concerned.

21. Power to assess individual members of certain associations.—

(1) Where the Agricultural Income-tax Officer is satisfied that any association of individuals other than a Hindu undivided family, and Aliyasantana family or branch, Marumakkattayam tarwad or tavazhi or a company is under the control of one member thereof, and that such association has been formed or is being used for the purpose of evading or reducing the liability to agricultural income-tax of any member thereof, he may, with the previous approval of the Commissioner of Agricultural Income-tax, pass an order that the sum payable as agricultural income-tax by the association shall not be determined, and thereupon the share of each member in the agricultural income of the association shall be included in his total agricultural income for the purpose of his assessment thereon.

Explanation.—A member of an association who owns the whole or the major portion of the capital of the association shall not by reason only of that fact be deemed to control the firm or association.

(2) The Commissioner of Agricultural Income-tax shall not give his approval to any order proposed to be passed by the Agricultural Income-tax Officer, under this section until he has given the firm or association concerned an opportunity of being heard.

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(3) Where any member of an association of individuals makes default in the payment of tax on his share of income which has been included in his total agricultural income under the provisions of sub-section (1), such tax may be recovered from the association.

(4) Where agricultural income-tax is recoverable from an association under this section, a notice of demand shall be served upon it in the prescribed form showing the sum so payable, and such association shall be deemed to be the assessee in respect of such sum, for the purposes of Chapter VI.

22. Assessment in case of departure from the State.—(1) Where it appears to the Agricultural Income-tax Officer that any person intends to alienate his right, title and interest in any plantation in the State and that such person may leave the State during the financial year or shortly after its expiry and that he has no present intention of returning, the Agricultural income-tax Officer may proceed to assess him on his total agricultural income for the period from the expiry of the last previous year for which he has been assessed to the probable date of his departure from the State. For each completed previous year included in this period, an assessment shall be made on the total agricultural income of such person at the rate at which it would have been charged had such income been fully assessed, and for the period from the expiry of the last of such previous years to the probable date of departure, the Agricultural Income-tax Officer shall estimate the total agricultural income of such person and assess it at the rate applicable to the agricultural income :

Provided that nothing herein contained shall authorize an Agricultural Income-tax Officer to assess any agricultural income which has escaped assessment or has been assessed at too low a rate in respect of which he is debarred from issuing a notice under section 35.

(2) For the purpose of making an assessment under sub-section (1), the Agricultural Income-tax Officer may serve a notice upon such person requiring him to furnish, within such time not being less than seven days as may be specified in the notice, a return in the same form and verified in the same manner as a return under sub-section (2) of section 16, setting forth, along with such other particulars as may be provided for in the notice, his total agricultural income for each of the completed previous years comprised in the period first referred to in sub-section (1) and his estimated total agricultural income for the period from the expiry of the last such completed previous year to the probable date of his departure, and the provisions of this Act shall, so far as may be, apply as if the notice were a notice issued under sub-section (2) of section 16.

23. Assessment in case of transfer of right in plantation.—Where a person in receipt of agricultural income from any plantation in the State is found to have transferred his interest in such

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plantation to another person, the transferor and the transferee shall each be assessed in respect of his actual share, if any, of such agricultural income :

Provided that when the transferor cannot be found, the assessment of such agricultural income of the previous year in which the transfer took place up to the date of the transfer and for the years preceding that year shall be made on the transferee in like manner and to the same amount as it would have been made on the transferor, or when the tax in respect of the assessment made for any or all of such years assessed on the transferor cannot be recovered from him, it shall be payable by and recoverable from the transferee, and the transferee shall be entitled to recover from the transferor the amount of any tax so paid.

24. Tax of deceased person payable by representative.—(1) Where a person dies, his executor, administrator or other legal representative shall be liable to pay, out of the estate of the deceased person, to the extent to which the estate is capable of meeting the charge, the agricultural income-tax assessed as payable by such person or any agricultural income-tax which would have been payable by him under this Act if he had not died.

(2) Where a person dies before the 1st June in any year, or before he is served with a notice under sub-section (2) of section 16 or under section 35, as the case may be, his executor, administrator or other legal representative shall, on the serving of the notice under sub-section (2) of section 16 or under section 35, as the case may be, comply therewith, and the Agricultural Income-tax Officer may proceed to assess the total agricultural income of the deceased person as if such executor, administrator or other legal representative were the assessee.

(3) Where a person dies without having furnished a return which he has been required to furnish under section 16, or having furnished a return which the Agricultural Income-tax Officer has reason to believe to be incorrect or incomplete, such officer may make an assessment of the total agricultural income of such person and determine the agricultural income-tax payable by him on the basis of such assessment, and for this purpose may, by the issue of the appropriate notice which would have had to be served upon the deceased person had he survived, require from the executor, administrator or other legal representative of the deceased person any accounts, documents or other residence which he might under section 16 or section 17 have required from the deceased person.

25. Assessment in case of discontinued business of company, firm or association.—(1) Where agricultural income is received by a company, firm or association of persons and the business through which such income is received is discontinued in any year, an assessment may be made in that year on the basis of the agricultural income received during the period between the end of the

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previous year and the date of such discontinuance, in addition to the assessment, if any, made on the basis of the agricultural income received in the previous year.

(2) Any person discontinuing any such business shall give to the Agricultural Income-tax Officer notice of such discontinuance within fifteen days thereof and where any person fails to give the notice required by this sub-section, such officer may direct that a sum shall be recovered from him by way of penalty not exceeding the amount of agricultural income-tax subsequently assessed on him in respect of any agricultural income of a company, firm or association of persons up to the date of the discontinuance of the business.

(3) Where an assessment is to be made under sub-section (1), the Agricultural Income-tax Officer may serve on the person whose agricultural income is to be assessed or, in the case of a firm, on any person who was a member of such firm at the time of its discontinuance or, in the case of a company, on the principal officer thereof, a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 16 and the provisions of this Act shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section.

26. Liability in case of discontinued business or firm or association.—Where agricultural income is received by a firm or association of persons and the business of such firm or association is discontinued or such firm or association is dissolved, every person who was at the time of such discontinuance or dissolution a partner of such firm or member of such association shall be jointly and severally liable to assessment on such agricultural income and for the amount of agricultural income-tax payable under this Act by such firm or association and all the provisions of this Act shall, so far as may be, apply to such assessment.

27. Procedure in registration of firms.—(1) Application may be made to the Agricultural Income-tax Officer on behalf of any firm, constituted under an instrument of partnership specifying the individual shares of the partners, for registration for the purposes of this Act and of any other enactment for the time being in force relating to agricultural income-tax.

(2) The application shall be made by such person or persons and at such times and shall contain such particulars and shall be in such form, and be verified in such manner, as may be prescribed, and it shall be dealt with by the Agricultural Income-tax Officer in such manner as may be prescribed.

28. Change in constitution of a firm and succession to business.—(1) Where, at the time of making an assessment under section 17, it is found that a change has occurred in the constitution of a firm or that a firm has been newly constituted, the assessment shall be made on the firm as constituted at the time of making the assessment.

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If the agricultural income-tax cannot be recovered from the firm as so constituted, such tax shall be recoverable from the persons who were members of the firm during the previous year.

(2) Where a person carrying on any business in the course of which agricultural income is received has been succeeded in such capacity by another person, such person and such other person shall each be assessed in respect of his actual share of the agricultural income of the previous year :

Provided that, when the person succeeded in the business cannot be found, the assessment of the agricultural income of the year in which the succession took place up to the date of succession, and for the year preceding that year shall be made on the person succeeding him in like manner and to the same amount as it would have been made on the person succeeded or when the tax in respect of the assessment made for either of such years assessed on the person succeeded cannot be recovered from him, it shall be payable by and recoverable from the person succeeding, and such person shall be entitled to recover from the person succeeded the amount of any tax so paid.

29. Assessment after partition of a Hindu undivided family, an Aliyasanthana family or branch or Marumakkattayam tarwad or tavazhi.—(1) Where, at the time of making an assessment under section 17, it is claimed by or on behalf of any member of a Hindu undivided family, an Aliyasanthana family or branch or a Marumakkattayam tarwad or tavazhi hitherto assessed as undivided that a partition has taken place among the members or groups of members of such family, branch, tarwad or tavazhi, the Agricultural Income-tax Officer shall make such inquiry thereinto as he may think fit, and if he is satisfied that the joint family property has been partitioned among the various members or groups of members in definite portions, he shall record an order to that effect :

Provided that no such order shall be recorded until notice of the inquiry has been served on all the adult members of the family, branch, tarwad or tavazhi entitled to the property as far as may be practicable or in such other manner as may be prescribed.

(2) Where such an order has been passed, the Agricultural Income-tax Officer shall make an assessment of the total agricultural income received by or on behalf of the family, branch, tarwad or tavazhi as such, as if no partition had taken place, and each member or group of members shall, in addition to any agricultural income-tax for which he or it may be separately liable, and notwithstanding anything contained in clause (a) of section 10, be liable for a share of the tax on the income so assessed according to the portion of the family, branch, tarwad or tavazhi property allotted to him or it, and the Agricultural Income-tax Officer shall make assessments accordingly on the various members and groups of members in accordance with the provisions of section 17 :

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Provided that all the members and groups of members whose family, branch, tarwad or tavazhi property has been partitioned shall be liable jointly and severally for the tax on the total agricultural income received by or on behalf of the family, branch, tarwad or tavazhi as such up to the date of the partition.

(3) Where such an order has not been passed in respect of a Hindu family, an Aliyasanthana family or branch or a Marumakkattayam tarwad or tavazhi hitherto assessed as undivided, such family, branch, tarwad or tavazhi shall be deemed for the purpose of this Act to continue to be an undivided family, branch, tarwad or tavazhi.

30. Notice of demand.—When any tax or penalty is due in consequence of any order passed under or in pursuance of this Act, the Agricultural Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

31. Appeal against assessment.—(1) Any assessee objecting to the amount of income assessed or tax determined or loss computed under section 17 or denying his liability to be assessed under this Act or objecting to any order under any of the provisions of sections 19, 20, 21, 25, 29 and 41 made by the Agricultural Income-tax Officer or to the cancellation by him of the registration of a firm or to the refusal to register a firm may appeal to the Assistant Commissioner against the assessment or against such order :

Provided that no appeal shall lie in respect of an assessment made under sub-section (4) of section 17.

(2) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(3) The appeal shall be presented within a period of thirty days from the date of service of the order; but the Assistant Commissioner may admit an appeal presented after the expiration of the said period, if he is satisfied that the appellant had sufficient cause for not presenting it within the said period.

(4) The Assistant Commissioner shall fix a day and place for the hearing of the appeal and may from time to time adjourn the hearing and make or cause to be made such further inquiry as he thinks fit :

Provided that on the application of the appellant and at his cost the Assistant Commissioner may, in appropriate cases, issue a commission to ascertain and report the yield and cultivation expenses or the rent and collection charges of the properties of the assessee included in the assessment order, and orders on the appeal shall be passed only after considering the said report.

(5) In disposing of an appeal, the Assistant Commissioner may—

(a) in the case of an order of assessment—

(i) confirm, reduce, enhance or annul the assessment;

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(ii) set aside the assessment and direct the Agricultural Income-tax Officer to make a fresh assessment after such further enquiry as may be directed; or

(b) in the case of any other order, confirm, cancel or vary such order :

Provided that no enhancement of an assessment or penalty shall be made under this section unless the appellant has had a reasonable opportunity of being heard against such enhancement :

Provided further that at the hearing of any appeal against an order of an Agricultural Income-tax Officer, the Agricultural Income-tax Officer shall have the right to be heard either in person or by a representative.

(6) Where, as the result of an appeal, any change is made in the assessment of a firm or association of persons or a new assessment of a firm or association of persons is ordered to be made, the Assistant Commissioner may authorize the Agricultural Income-tax Officer to amend accordingly any assessment made on any partner of the firm or any member of the association.

(7) The Assistant Commissioner shall, on the conclusion of the appeal, communicate the orders passed by him to the assessee and to the Commissioner.

32. Appeals against orders of Assistant Commissioner.—(1) Any assessee objecting to an order passed by an Assistant Commissioner under section 20 or section 31 may appeal to the Appellate Tribunal within sixty days of the date on which such order is communicated to him.

(2) The Commissioner may, if he objects to any order, passed by an Assistant Commissioner under section 31, direct the Agricultural Income-tax Officer to appeal to the Appellate Tribunal against such order, and such appeal may be presented within sixty days of the date on which the order is communicated to the Commissioner by the Assistant Commissioner.

(3) The Appellate Tribunal may admit an appeal after the expiry of the sixty days referred to in sub-sections (1) and (2) if it is satisfied that there was sufficient cause for not presenting it within that period.

(4) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner, and shall, except in the case of an appeal referred to in sub-section (2), be accompanied by a fee of five per cent of the sum appealed against, subject to a minimum of twenty-five rupees and a maximum of one hundred rupees.

(5) The Appellate Tribunal may after giving both parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, and shall communicate any such orders to the assessee and to the Commissioner.

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(6) Where, as the result of an appeal, any change is made in the assessment of a firm or association of persons or a new assessment of a firm or association of persons is ordered to be made, the Appellate Tribunal may authorise the Agricultural Income-tax Officer to amend accordingly any assessment made on any partner of the firm or any member of the association.

(7) Save as provided in section 54, orders passed by the Appellate Tribunal on appeal shall be final.

33. Appeal against an order of refusal to refund.—The provisions of sections 31 and 32 shall, so far as may be, apply to any order of refusal of any refund admissible under this Act or the rules made thereunder.

34. Revision.—(1) The Commissioner may, of his own motion or on application by an assessee, call for the record of any proceeding under this Act which has been taken by any authority subordinate to him and may make such enquiry or cause such enquiry to be made and, subject to the provisions of this Act, may pass such orders thereon as he thinks fit :

Provided that he shall not pass any order prejudicial to an assessee without hearing him or giving him a reasonable opportunity of being heard :

Provided further that an order passed declining to interfere shall not be deemed to be an order prejudicial to the assessee.

(2) The Commissioner shall not revise any order under sub-section (1) if—

(a) where an appeal against an order lies to the Appellate Tribunal the time within which such appeal may be made has not expired; or

(b) where an appeal against the order has been made to the Appellate Tribunal, the appeal is pending before it; or

(c) the order has been made more than one year previously.

(3) Every application by an assessee under sub-section (1) shall be accompanied by a fee of fifty rupees.

(4) Any order passed under sub-section (1) shall, subject to revision by the High Court under section 54, be final.

35. Income escaping assessment.—If for any reason agricultural income chargeable to tax under this Act has escaped assessment in any financial year or has been assessed at too low a rate, the Agricultural Income-tax Officer may, at any time, within three years of the end of that year serve on the person liable to pay the tax or, in the case of a company, on the principal officer thereof a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 16 and may proceed to assess or re-assess such income, and the provisions of this Act shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section :

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Provided that the tax shall be charged at the rate at which it would have been charged if such income had not escaped assessment or full assessment, as the case may be.

36. Rectification of mistake.—(1) The authority which passed an order on appeal or revision may at any time within three years from the date of such order passed by him on appeal or in revision and the Agricultural Income-tax Officer may at any time within three years from the date of any assessment or refund order passed by him, of his own motion, rectify any mistake apparent from the record of the appeal, revision, assessment or refund, as the case may be, and shall, within the like period, rectify any such mistake which has been brought to his notice by an assessee :

Provided that no such rectification shall be made having the effect of enhancing an assessment or reducing a refund unless the appellate or revisional authority or the Agricultural Income-tax Officer, as the case may be, has given notice to the assessee of his intention so to do and has allowed him a reasonable opportunity of being heard.

(2) Where any such rectification has the effect of reducing the assessment, the Agricultural Income-tax Officer shall make any refund which may be due to such assessee.

(3) Where any such rectification has the effect of enhancing the assessment or reducing a refund, the Agricultural Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be issued under section 30 and the provisions of this Act shall apply accordingly.

37. Tax can be collected to the nearest anna.—In the determination of the amount of tax or a refund payable under this Act, fractions of an anna less than six pies shall be disregarded and fractions of an anna equal to or exceeding six pies shall be regarded as one anna.

38. Power to take evidence on oath, etc.—The Appellate Tribunal, the Commissioner, the Assistant Commissioner and the Agricultural Income-tax Officer shall, for the purpose of this Chapter have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Central Act V of 1908), when trying a suit in respect of the following matters, namely :—

(a) enforcing the attendance of any person and examining him on oath or affirmation;

(b) compelling the production of documents; and

(c) issuing commission for the examination of witnesses, and for ascertaining the yield and cultivation expenses in respect of any plantation; and any proceeding before the Appellate Tribunal, the Commissioner or Assistant Commissioner or the Agricultural Income-tax Officer shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code (Central Act XLV of 1860).

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39. Power to call for information, etc.—(1) The Assistant Commissioner or the Agricultural Income-tax Officer may for the purposes of this Act—

(i) require any Hindu undivided family, an Aliyasantana family or branch, a Marumakkattayam tarwad or a tavazhi possessing separate properties, a firm or a company, to furnish a return of the names of all the members of the family, branch, tarwad, tavazhi, firm or company, as the case may be, their addresses and such other particulars as may be required for the purposes of assessment;

(ii) require any person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian or agent and of their addresses;

(iii) impound and retain in his custody for such period as he thinks fit any books of accounts or other documents produced before him in any proceedings under this Act:

Provided that the Assistant Commissioner or the Agricultural Income-tax Officer shall not—

(a) impound any books of account or other documents without recording his reasons for so doing; or

(b) retain in his custody any such books or documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Commissioner therefor.

(2) The Assistant Commissioner or the Agricultural Income-tax Officer may for the purposes of this Act enter and inspect any place where accounts are maintained, or other documents are kept, and take into his custody any such accounts or documents:

Provided that if any such place is a dwelling house, or an apartment, in the actual occupation of a woman, such officer shall, before entering such house or apartment, give notice to such woman that she is at liberty to withdraw and shall afford her every reasonable facility for withdrawing:

Provided further that such officer shall prepare a list of all accounts and documents taken into his custody and deliver a copy of such list to the occupant of the place or some person in his behalf.

(3) If the Assistant Commissioner or the Agricultural Income-tax Officer is resisted in the exercise of his power or in the discharge of his duties under this section, the Magistrate having jurisdiction shall, on the written requisition from such officer, direct any police officer not below the rank of Sub-Inspector to render such help as may be necessary to enable the officer to exercise such power or discharge such duty.

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CHAPTER VI.

RECOVERY OF TAX AND PENALTIES.

40. Recovery of tax and penalties.—Any amount specified as payable in a notice of demand under section 30 or an order under section 31, 32 or 34 shall be paid in such number of instalments, within such time, at such place, to such person and in such manner as may be prescribed, and any assessee failing so to pay shall be deemed to be in default :

Provided that, when an assessee has presented an appeal under section 31, the Agricultural Income-tax Officer may, in his discretion, treat the assessee as not being in default so long as such appeal is undisposed of.

41. Mode and time of recovery.—(1) When an assessee is in default in making a payment of agricultural income-tax, the Agricultural Income-tax Officer may, in his discretion, direct that, in addition to the amount of the arrears, a sum not exceeding that amount shall be recovered from the assessee by way of penalty.

(2) For the purposes of sub-section (1), the Agricultural Income-tax Officer may direct the recovery of any sum less than the amount of the arrears and may enhance the sum so directed to be recovered from time to time in the case of a continuing default, so however that the total sum so directed to be recovered shall not exceed the amount of the arrears payable.

(3) The Agricultural Income-tax Officer may forward to the Collector a certificate under his signature specifying the amount of arrears due from an assessee and the Collector, on receipt of such certificate, shall proceed to recover from such assessee the amount specified therein as if it were an arrear of land revenue :

Provided that, without prejudice to any other powers of the Collector in this behalf, he shall for the purpose of recovering the said amount have the powers which under the Code of Civil Procedure, 1908 (Central Act V of 1908), a Civil Court has for the purpose of the recovery of an amount due under a decree.

(4) No proceeding for the recovery of any sum payable under this Act shall be commenced after the expiration of three years from the latest day fixed for payment in the notice of demand served under section 30 or where the assessee has been treated as not being in default under the proviso to section 40 pending his appeal, after the expiration of three years from the date on which the appeal is decided.

42. Right, title and interest in property sold for arrears of tax in certain cases.—(1) Where any property of a Hindu undivided family, an Aliyasantana family or branch, or a Marumakkattayam tarwad or tavazhi is sold for the realization of arrears of agricultural income-tax, the right, title and interest of all the members of such family, branch, tarwad, or tavazhi in the property shall pass to the purchaser.

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(2) Where any person has been assessed to agricultural income-tax on the agricultural income derived from a plantation held by him wholly or partly for the benefit of other persons and the tax payable by him is in arrears, the plantation so held by him may be attached and sold for the realization of such arrears and on such sale, the right, title and interest of such person in the said plantation shall pass to the purchaser.

43. Recovery of penalties.—Any sum imposed by way of penalty under the provisions of section 20, section 25 or section 41 shall be recoverable in the manner provided in this Chapter for the recovery of arrear of tax.

CHAPTER VII.

REFUNDS.

44 Refunds.—(1) If any person satisfies the Agricultural Income-tax Officer that the amount of agricultural income-tax paid by him or on his behalf or treated as paid on his behalf for any year exceeds the amount with which such person is properly chargeable under this Act for that year, he shall be entitled to a refund of any such excess.

(2) The appellate or revisional authority, in the exercise of his appellate or revisional powers, if satisfied to the like effect, shall cause a refund to be made by the Agricultural Income-tax Officer of any amount found to have been wrongly paid or paid in excess.

(3) Where agricultural income of one person is included under any provision of this Act in the total agricultural income of any other person, such other person only shall be entitled to a refund under this section in respect of such income.

(4) Nothing in this section shall operate to validate any objection or appeal which is otherwise invalid or to authorize the revision of any assessment or other matter which has become final and conclusive or the review by any officer of a decision of his own which is subject to appeal or revision, or where any relief is specifically provided elsewhere in this Act, to entitle any person to any relief other than or greater than that relief.

45. Refunds admissible under rules.—Refunds shall also be admissible under this Act in such cases and to such extent as may be prescribed.

46 Power to set off amount of refund against tax remaining payable.—Where under any of the provisions of this Act, a refund is found to be due to any person, the Agricultural Income-tax Officer, the Assistant Commissioner or the Commissioner, as the case may be, may in lieu of payment of the refund, set off the amount to be refunded, or any part of that amount, against the agricultural income-tax, if any, remaining payable by the person to whom the refund is due.

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47. Power of representative of deceased person or persons disabled to make claim on his behalf.—Where through death, incapacity, bankruptcy, liquidation or other cause, a person who would but for such cause have been entitled to a refund under any of the provisions of this Act, or to make a claim under section 44 is unable to receive such refund or to make such claim, his executor, administrator or other legal representative or the trustee or receiver, as the case may be, shall be entitled to receive such refund or to make such claim for the benefit of such person or his estate.

48. Limitation of claims for refund.—No claim to any refund of agricultural income-tax under this Chapter shall be allowed, unless it is made within three years from the last day of the financial year commencing next after the expiry of the previous year in which the agricultural income was received or one year from the date on which the assessment is completed, whichever is later.

CHAPTER VIII.

OFFENCES AND PENALTIES.

49. False statements in declaration.—If any person makes a statement in a verification mentioned in section 16 or sub-section (2) of section 31 or sub-section (4) of section 32 or in any application under section 65, which is false and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code (Central Act XLV of 1860).

50. Failure to furnish return or to supply information.—If any person fails without reasonable cause or excuse—

(a) to furnish in due time any of the returns specified in sub-section (1) or sub-section (2) of section 16, section 13 or section 39, or

(b) to grant inspection or allow copies to be taken in accordance with the provision of section 60, or

(c) to produce or cause to be produced on or before the date mentioned in any notice under sub-section (4) of section 16, such accounts or documents as are referred to in the notice, he shall be punishable with fine which may extend to five rupees for every day during which the default continues.

51. Prosecution to be at the instance of the Assistant Commissioner.—(1) A person shall not be proceeded against for an offence under section 49 or section 50 except at the instance of the Assistant Commissioner.

(2) Before instituting proceedings against any person under sub-section (1), the Assistant Commissioner shall call upon such person to show cause why proceedings should not be instituted against him.

(3) The Assistant Commissioner may, either before or after the institution of proceedings, compound any such offence.

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52. Disclosure of information by public servant.—(1) All particulars contained in any statement made, return furnished or accounts or documents produced, under the provisions of this Act or in any evidence given or affidavit or deposition made in the course of any proceedings under this Act other than proceedings under this Chapter or in any record of an assessment proceeding or any proceeding relating to the recovery of a demand prepared for the purposes of this Act shall be treated as confidential and notwithstanding anything contained in the Indian Evidence Act, 1872 (Central Act I of 1872), no Court shall, save as provided in this Act, be entitled to require any public servant to produce before it any such return, accounts, documents or record or any part of such record or to give evidence before it in respect thereof.

(2) If a public servant discloses any particulars contained in any such statement, return, accounts, documents, evidence, affidavit, deposition or record, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine.

(3) Nothing contained in this section shall apply to the disclosure—

(a) of any such particulars for the purposes of a prosecution under the Indian Penal Code (Central Act XLV of 1860), in respect of any such statement, return, accounts, documents, evidence, affidavit or deposition or for the purposes of a prosecution under this Act; or

(b) of any such particulars to any person acting in the execution of this Act where it is necessary to disclose the same to him for the purposes of this Act; or

(c) of any such particulars occasioned by the lawful employment under this Act of any process for the service of any notice or the recovery of any demand; or

(d) of any such particulars to a Civil Court in any suit to which the Government are a party which relates to any matter arising out of any proceeding under this Act, or

(e) of any such particulars to any officer appointed to audit agricultural income-tax receipts or refunds; or

(f) of any such particulars relevant to any inquiry into the conduct of an official of the Agricultural Income-tax Department to any persons appointed commissioners under any law relating to enquiries into the conduct of public servants or to an officer otherwise appointed to hold such enquiry or the State Public Service Commission when exercising its functions in relation to any matter arising out of any such enquiry; or

(g) of any such particulars relevant to any inquiry into a charge of misconduct in connexion with the proceedings under this Act against a lawyer or registered accountant; or

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(h) of any such particulars occasioned by the lawful exercise by a public servant of his powers under the Indian Stamp Act, 1899 (Central Act II of 1899), to impound an insufficiently stamped document; or

(i) of such facts as may be necessary to enable a refund to be given in accordance with this Act or the rules made thereunder; or

(j) of such facts to an officer of the Central Government as may be necessary for the purpose of enabling that Government to levy or realize any tax or duty imposed by it; or

(k) of such facts to any authority exercising powers under any Act of the State Legislature imposing any tax or duty as may be necessary for enabling it duly to exercise such powers; or

(l) of such facts as may be necessary to establish whether a person is or is not entitled to be entered on an electoral roll, or

(m) of such particulars to the appropriate authority as may be necessary to establish whether a person has or has not been assessed to agricultural income-tax in any particular year or years where, under the provisions of any law for the time being in force, such fact is required to be established; or

(n) of such particulars in any rent-roll or other document, produced by any assessee as the basis of his agricultural income or any part of such income; or

(o) of such facts as may be necessary to enable an intending purchaser or other transferee of property to ascertain the nature and extent of the liability of any such property for agricultural income-tax.

(4) Nothing in this section shall apply to the production by a public servant before a Court of any document, declaration or affidavit filed, or the record of any statement or deposition made, in a proceeding under section 29 or to the giving of evidence by a public servant in respect thereof.

(5) No prosecution shall be instituted under this section—

(a) against a person who is not removable from his office save by or with the sanction of the Government or some higher authority, except with the previous sanction of the Government, or

(b) against any other person, except with the previous sanction of the authority competent to remove him from his office.

CHAPTER IX.

MISCELLANEOUS.

53. Place of assessment.—(1) Subject to any orders passed under sub-section (2), the agricultural income of a person shall be assessed by the Agricultural Income-tax Officer of the area in which is situated the plantation from which the greater part of the income is derived :

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Provided that, when an assessee has made a return under sub-section (1) of section 16 to the Agricultural Income-tax Officer having jurisdiction over the assessee's place of residence or the place where any of his plantation is situated or where his accounts are maintained, he shall be deemed to have elected such place as his place of assessment and it shall be accepted by the officer concerned unless for reasons to be recorded in writing he passes an order that the assessment shall be made in any other place.

(2) (a) An assessee who has not made a return under section 16 may, before the expiry of the time allowed for the submission of the return, apply to the Agricultural Income-tax Officer of the area in which is situated the plantation from which the greater part of the agricultural income of the assessee is derived, to be assessed at his usual place of residence or at the place where the accounts relating to his agricultural income are kept, if either of such places is situated in the State, and the Agricultural Income-tax Officer shall refer the matter to the Assistant Commissioner whose decision thereon shall be final.

(b) Where an order is passed under clause (a), the assessee shall not be entitled to make any further application to change his place of assessment :

Provided that the Agricultural Income-tax Officer may allow the assessee to be assessed at any other place upon such conditions as he thinks fit.

(3) Notwithstanding anything contained in this section, every Agricultural Income-tax Officer shall have all the powers conferred by or under this Act on an Agricultural Income-tax Officer in respect of any agricultural income derived from plantations situated within the area for which he is appointed.

54. Revision by High Court.—(1) Within sixty days of the date on which he is served with a notice of the order, the assessee or the Commissioner, in the case of an order under sub-section (5) of section 32, and the assessee, in the case of an order under section 34 enhancing the assessment or otherwise prejudicial to him, may prefer an application to the High Court against the order on the ground that the Appellate Tribunal or, as the case may be, the Commissioner has either decided erroneously or failed to decide any question of law :

Provided that the High Court may admit an application preferred after the period of sixty days aforesaid if it is satisfied that the applicant had sufficient cause for not preferring the application within that period.

(2) The application shall be in the prescribed form, shall be verified in the prescribed manner and shall, where it is made by the assessee, be accompanied by a fee of one hundred rupees or such lesser sum as may be prescribed.

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(3) If the High Court, on perusing the application considers that there is no sufficient ground for interfering, it may dismiss the application summarily :

Provided that no application shall be dismissed unless the applicant has had a reasonable opportunity of being heard in support thereof.

(4) (a) If the High Court does not dismiss the application summarily, it shall, after giving both parties to the application a reasonable opportunity of being heard, determine the question or questions of law raised and either reverse, affirm or amend the order against which the application was preferred, or remit the matter to the Appellate Tribunal or the Commissioner, as the case may be, with the opinion of the High Court on the question or questions of law raised or pass such other order in relation to the matter as the High Court thinks fit.

(b) Where the High Court remits the matter to the Appellate Tribunal or the Commissioner under clause (a) with its opinion on the question or questions of law raised, the Appellate Tribunal or the Commissioner, as the case may be, shall amend the order passed by it or him in conformity with such opinion.

(5) Before passing an order under sub-section (4) the High Court may, if it considers it necessary so to do, remit the application to the Appellate Tribunal or the Commissioner, as the case may be, and direct it or him to return the application with its or his finding on any specific question or issue.

(6) Notwithstanding that an application has been preferred under sub-section (1), tax shall be paid in accordance with the assessment made in the case :

Provided that, if as a result of the application any change becomes necessary in such assessment, the High Court may authorize the assessing authority to amend the assessment, and on such amendment being made, the amount overpaid by the assessee shall be refunded to him without interest, or the further amount of tax due from him shall be collected in accordance with the provisions of this Act, as the case may be.

(7) (a) The High Court may, on the application either of the assessee or of the Commissioner, review any order passed by it under sub-section (4) on the basis of facts which were not before it when it passed the order.

(b) The application for review shall be preferred within such time, and in such manner as may be prescribed, and shall, where it is preferred by the assessee, be accompanied by a fee of one hundred rupees or such lesser sum as may be prescribed.

(8) In respect of every application preferred under sub-section (1) or (7), the costs shall be in the discretion of the High Court.

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(9) When any person defaults to pay the costs ordered by the High Court, the Agricultural Income-tax Officer concerned may apply for the realization of the amount to the District Court having local jurisdiction and such Court shall, on receipt of the Agricultural Income-tax Officer's application, execute the order as if it were its own decree.

55. Appearance by authorized representative.—(1) Any assessee who is entitled or required to attend before any Agricultural Income-tax Authority in connexion with any proceeding under this Act otherwise than when required under section 38 to attend personally for examination on oath or affirmation, may attend either in person or by any person duly authorized by him in writing in this behalf being a relative or a person wholly or principally employed in the service of the assessee or a lawyer or an accountant or an Income-tax practitioner and not being disqualified on the ground of misconduct by or under any law or under any order of Government.

(2) No person who has been dismissed from Government service shall be qualified to represent an assessee under subsection (1); and if any lawyer or chartered accountant or an Income-tax practitioner is found guilty of misconduct in connexion with any proceedings under the Indian Income-tax Act, 1922 (Central Act XI of 1922), or this Act by the authority empowered to take disciplinary action against members of the profession to which he belongs, or if any other person is found guilty of such misconduct by the Commissioner, the Commissioner may direct that he shall be thenceforward disqualified to represent an assessee under subsection (1):

Provided that—

(a) no such direction shall be made in respect of any person unless he is given a reasonable opportunity of being heard;

(b) any person against whom such direction is made may, within one month of the making of the direction, appeal to the prescribed authority to have the direction cancelled, and

(c) no such direction shall take effect until one month from the making thereof, or, when an appeal is preferred, until the disposal of the appeal.

(3) In this section—

(i) a person regularly employed by the assessee shall include any officer of a Scheduled Bank as defined in the Reserve Bank of India Act, 1934 (Central Act II of 1934), with which the assessee maintains a current account or has other regular dealings;

(ii) "accountant" means a member of an association of accountants recognized in this behalf by the Government;

(iii) "Income-tax Practitioner" means an Income-tax practitioner as defined in the Indian Income-tax Act, 1922 (Central Act XI of 1922);

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(iv) "lawyer" means any person entitled to plead in any court of law in the State.

56. Receipt to be given.—A receipt shall be given for any money paid or recovered under this Act.

57. Indemnity.—Every person deducting, retaining or paying any tax in pursuance of this Act in respect of any agricultural income belonging to any other person is hereby indemnified for the deduction, retention or payment thereof.

58. Manner of service of notice.—(1) A notice or requisition under this Act may be served on the person therein named either by post or, as if it were a summons issued by a Court under the Code of Civil Procedure, 1908 (Central Act V of 1908).

(2) Any such notice or requisition may, in the case of a firm, Hindu undivided family, an Aliasantana family or branch or a Marumakkattayam tarwad or tavazhi be addressed to any member of the firm or to the manager, yajaman or karnavan, or any adult member of the family, branch, tarwad or tavazhi and, in the case of any other association of persons, be addressed to the principal officer thereof.

59. Power to grant extension of time for returns, etc.—The Agricultural Income-tax Officer may, in his discretion, in the case of any person or class of persons, extend the date before which the return under sub-section (1) of section 16 has to be furnished or, on application by an assessee, allow him such extension or extensions of time as the officer thinks fit to furnish the return or comply with the terms of a notice under this Act.

60. Power to inspect registers of members of company, etc.—Any Agricultural Income-tax Authority or any person authorized by him in writing in that behalf may during such hours as may be prescribed, inspect and, if necessary, take copies or cause copies to be taken of any register of the members, debenture-holders or mortgagees of any company or of any entry in such register.

61. Power to make rules.—(1) The Government may, after previous publication, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, they may make rules—

(a) as to the manner in which and the procedure by which agricultural income of a person shall be computed;

(b) as to the deductions to be made in the computation of agricultural income;

(c) as to the special deductions and allowances in cases where expenditure has to be incurred for a number of years, before income is derived therefrom;

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(d) as to the form of returns under section 16 and the manner in which they should be verified;

(e) as to the form of notice of the demand mentioned in section 30;

(f) as to the powers and duties of Income-tax Authorities appointed under sub-section (2) of section 14 and the relation of such authorities to each other;

(g) as to the form in which appeals under section 31 shall be presented and the manner in which they shall be verified;

(h) as to the form of the notice of demand mentioned in sub-section (3) of section 36;

(i) as to the manner in which and the authority to whom applications for refund shall be made and the procedure to be followed in respect of such applications;

(j) as to all other matters expressly required or allowed by this Act to be prescribed.

(3) All rules made under this section shall be published in the *Fort St. George Gazette* and upon such publication shall have effect as if enacted in this Act. The rules so made shall be placed on the table of the Legislative Assembly as soon as possible after they are published and shall be subject to such modifications, whether by way of repeal or amendment, as the Assembly may make within fifteen days during the session in which they are so laid.

62. Bar of suits in civil courts.—No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Act and no prosecution, suit or other proceeding shall lie against any officer of the Government for anything in good faith done or intended to be done under this Act.

63. Computation of period of limitation.—In computing the period of limitation prescribed for any appeal under this Act or for any application under section 54, the date on which the order complained of was made and the time requisite for obtaining a copy of such order shall be excluded.

64. Amendment of Madras Act XIX of 1954.—In section 3 of the Madras Land Revenue (Surcharge) Act, 1954 (Madras Act XIX of 1954), the Explanation shall be numbered as Explanation I and after the Explanation as so numbered, the following Explanation shall be inserted, namely :—

Explanation II.—No surcharge shall be levied under this section from a landholder who is liable to pay land revenue in respect only of a plantation or plantations as defined in the Madras Plantations Agricultural Income-tax Act, 1955; but where he is liable to pay land revenue in respect also of other lands surcharge under this section shall be levied only on the land revenue payable by him in respect of such other lands but at the average rate applicable to the aggregate of the land revenue payable in respect of such plantation or plantations and of such other lands.

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65. Composition of agricultural income-tax.—(1) Any person, who derives agricultural income from a plantation not exceeding twenty acres in extent if used for growing tea or an extent equivalent thereto if used for growing any crop other than tea, may apply to the prescribed officer for permission to compound the agricultural income-tax payable by him and to pay in lieu thereof a lump sum at the rate or rates specified in Part II of the Schedule :

Provided that the lump sum payable under this sub-section shall be calculated only on the extent of the plantation which is in excess of five acres if used for growing tea or of an extent equivalent thereto if used for growing any crop other than tea.

Explanation.—In determining the extent of a plantation for the purposes of this section and of the Schedule, three acres of plantation used for growing any crop other than tea shall be taken to be equivalent to one acre of plantation used for growing tea and the plantation growing tea as well as the plantation growing any other crop from which agricultural income is derived by the same person shall be taken into account.

Illustration 1.—A has a plantation of four acres growing tea and a plantation of twelve acres growing coffee. This is equivalent to eight acres of plantations growing tea.

Illustration 2.—B has a plantation of fourteen acres growing tea and a plantation of thirty-six acres growing cinchona. This is equivalent to twenty-six acres of plantation growing tea.

(2) Every application under sub-section (1) shall be submitted in such form, in such manner and within such time as may be prescribed.

(3) The prescribed officer, after satisfying himself that the particulars specified in the application are correct may, by order in writing, grant the permission.

(4) A permission granted under sub-section (3) shall be in force for the year for which it is granted; and in respect of that period the provisions of this Act regarding the submission of returns, accounts or other documents, the assessment to agricultural income-tax or any other matter incidental thereto shall not apply in relation to the grantee.

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THE SCHEDULE.

PART I.

(See section 3.)

Rates of Agricultural Income-tax.

- (1) On the first Rs. 1,500 of total agricultural income. Nil.
- (2) On the next Rs. 3,500 of total agricultural income. Nine pies in the rupee.
- (3) On the next Rs. 5,000 of total agricultural income. One anna and six pies in the rupee.
- (4) On the next Rs. 5,000 of total agricultural income. Two annas and six pies in the rupee.
- (5) On the next Rs. 5,000 of total agricultural income. Three annas and six pies in the rupee.
- (6) On the next Rs. 5,000 of total agricultural income. Four annas in the rupee.
- (7) On the balance of total agricultural income ... Five annas and six pies in the rupee.

Provided that no agricultural income-tax shall be payable—

(i) on a total agricultural income which is less than three thousand rupees; or

(ii) by a person who derives agricultural income from a plantation not more than five acres in extent if used for growing tea or not more than fifteen acres in extent if used for growing any other crop.

The limit referred to in the above proviso shall be Rs. 6,000 in the case of every Hindu undivided family or an Aliyasantana family or branch or a Marumakkattayam tarwad or tavazhi including a Nambudiri family or any other class governed by the law applicable to Nambudiris, which satisfies as at the end of the previous year the condition that it consists of at least five members :

Provided further that—

(1) the agricultural income-tax payable shall in no case exceed one-half of the amount by which the total agricultural income exceeds three thousand rupees or six thousand rupees, as the case may be;

(2) in the case of every company agricultural income-tax shall be charged at the maximum rate on the whole of the total agricultural income.

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PART II.

(See section 65.)

<i>Extent.</i>	<i>Rate per acre.</i>
<i>Plantations used for growing tea.</i>	
Plantations—	
(i) not exceeding 5 acres	Nil.
(ii) exceeding 5 acres but not exceeding 10 acres	Rs. 9.
(iii) exceeding 10 acres but not exceeding 20 acres.	Rs. 15.

<i>Plantations used for growing any other crops.</i>	
Plantations—	
(i) not exceeding 15 acres	Nil.
(ii) exceeding 15 acres but not exceeding 30 acres.	Rs. 3.
(iii) exceeding 30 acres but not exceeding 60 acres.	Rs. 5.

21st February 1955. **R. V. KRISHNA AYYAR,**
Secretary to the State Legislature.

I certify that this is a Money Bill.

21st February 1955. **J. SIVASHANMUGAM PILLAI,**
Speaker, Madras Legislative Assembly.

வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS